THE EMPIRE CLUB OF CANADA

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THE EMPIRE CLUB OF CANADA

2017-2018

114th Yearbook

Her Majesty Queen Elizabeth II
Queen of Canada
wearing Her Canadian insignia
as Sovereign of the Order of Canada
and the Order of Military Merit

THE
EMPIRE
CLUB
OF CANADA

Founded 1903

Addresses
2017–2018

GOD SAVE THE QUEEN

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Barbara Jesson
President, 2017-2018

THE EMPIRE CLUB OF CANADA PRESIDENT'S FOREWORD

Free speech is not a privilege to be taken lightly. In many parts of the world open expression and dissent are routinely repressed. For so many reasons, but this most of all, it has been an honour to serve as President of a Canadian institution devoted to the unrestricted exploration of issues and ideas of concern to Canadians. Founded at the turn of the 20th Century, The Empire Club came into being as a proactive voice for the very idea of a Canada independent of the United States of America. Over the course of my presidency, as we watched political stalemate and notions of truth and honesty, facts and falsehood blur, I had cause on many occasions to remark on how prescient our founders were. As Canadians we owe so much to their vision and understanding of democracy as a system in which all voices should be heard and respected even in the face of vigorous disagreement.

Over the years The Empire Club has continued to provide timely relevant discourse on a broad range of matters. We have consistently sought out thought leaders across a wide swath of culture, business, government and international affairs and offered them an occasion to engage with our audience and explore the issues that touch us all.

For more than a hundred years the Empire Club created a safe space for robust discussion of matters that were not always popular. Our speakers have been passionate, honest and profound – and always pertinent.

In a world where people seem to be increasingly ideological and tribal, and attitudes are commonly locked in the rhetoric of the tribe, preserving the principals of free speech is frequently challenged. The speed and ease with which opinions can be posted to social media further complicates this. We are in uncharted territory with special interest lobbies, partisan politics and advocacy groups putting our beliefs in free expression to the ultimate test. Last year elections Canada issued a warning that advocacy around climate change could be deemed partisan because one candidate didn't believe in it. Once out in the virtual ecosystem, correcting or countering misinformation can be almost impossible – forcing a rethink in our notions of free expression. In the face of all this, the Empire Club podium has never been more essential.

As I write the introduction to this record of my year as President, I think it is only natural to think of legacy – what was my contribution to the Club? I was just a young woman starting my career when I attended my very first Empire Club event. I remember at that time, walking into a sea of men in grey suits. It certainly never occurred to me that

that one day I might lead this venerable organization.

I was just the tenth woman ever to serve as the Empire Club's president and as we approached 114 years, the club's history weighed heavily on me. We had come through a period in which several new thought leadership forums had emerged in Toronto and there was increasing competition from online information sources. I was determined to secure our continuing relevance - investing the Club with new energy and excitement. I am exceedingly proud that with help from many people on the board, we were able to put the Club on a solid financial footing, setting a modern milestone for the number of speeches in a single season – sometimes as many as two or three in one week!

With thirty-four lunches as well as evening events, there were so many highlights. I launched my season with a celebration of the Invictus Games which were held in Canada during my tenure. The stories of our soldier-heroes were so inspirational, I found myself tearing up more than once. Sometimes it was not the biggest event that proved the most interesting.

I am thinking particularly of Ken Courtis, Chairman of Asia Frontier Capital, who addressed a relatively smaller audience, sharing penetrating insights into his experiences in China and the Far East. Don Tapscott offered his vision of a new economic order based on Blockchain – and

I understood him! Andy Byford said good-bye to Toronto and the TTC from our podium. Rob McEwen, visionary champion of the McEwen Center, gave us hope for a new medical ethos based on stem cell research. Kelly Craft, American Ambassador to Canada was gracious, displaying a wry wit as she made her first public address in Canada from our podium. Formidable journalist Lisa LaFlamme, was warm, great fun and brimming with insight into world events. Chief Justice, Beverly McLachlin – what an honour it was to host her as she stepped away from the bench! And for me personally, I was so happy finally to be able to thank former Prime Minister Paul Martin for his enormous contributions to the future of Canada.

There are so many people to thank – our staff for their dedicated support, our audiences, the club members and of course, the extraordinary men and women who volunteer as directors of the Club. All leaders in their own right, they represent a wide cross section from business and politics to culture, education and not-for-profit experience.

No one person could take on the role of president alone, but this team of remarkable and committed individuals make it all happen seamlessly throughout a busy eight month season. My executive team was outstanding and I am so grateful to them. I would be remiss if I didn't make special mention of my dear friend, Past President Gordon McIvor, who was always there for me and worked tirelessly to help make my year so fulfilling. Gordon told me as I began my year, that when all is said and done, and I look back over a lifetime of wonderful experiences, this is the one that will stand out above the rest. I suspect as always he is right.

Over the course of my Presidency, so many young women came up to tell me how pleased they were to see a woman at the helm of this storied institution. I hope that in some measure I was inspirational to them and other young women like my beloved nieces, Sarah and Emma, who were often in the audience.

I am so grateful for the honour and privilege of standing as President of an organization that has played such a vital role in shaping Canada's past. I am hopeful that I have had some small part in ensuring that the future will be even more illustrious. As I write this final chapter on my year as President with this introduction to the Red Book for 2017-2018, I know I will turn to it often to remember the year that was.

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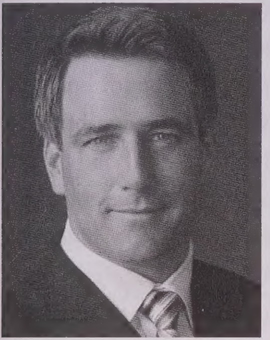
The Empire Club Presents



MR. MICHAEL BURNS, CEO INVICTUS GAMES TORONTO 2017

Welcome Address, by Barbara Jesson, President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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September 13, 2017

Good afternoon, ladies and gentlemen. From the Westin Harbour Castle in downtown Toronto, welcome, to the Empire Club of Canada. For those of you joining us either through our webcast or podcast, welcome, to the meeting.

Before our distinguished speaker is introduced, it gives me great pleasure to introduce our Head Table. I would ask each guest to rise for a brief moment and be seated as your name is called. At this point, I would ask the audience to refrain from applauding until all Head Table Guests have been introduced.

HEAD TABLE

Distinguished Guest Speaker:

Mr. Michael Burns, Chief Executive Officer, Invictus Games Toronto 2017

Guests:

Mr. Paul Brink, Senior Vice-President, Business Development, Franco-Nevada Corporation

Brigadier-General Stephan Cadden, 4th Canadian Division Commander, Canadian Army

Ms. Cecile Chung, Member of Board of Directors, Invictus Games Toronto 2017

Ms. Vivien Clubb, President, Providential Pictures Inc.

Mr. Michael Cooper, President and Chief Executive Officer, Dream Unlimited

Dr. Steve Daniel, Team Canada Member, Invictus Games Toronto 2017

Mr. Lou Eccleston, Chief Executive Officer, TMX Group Ltd.

Mr. Stuart Hartnell, Chief Warrant Officer, 4th Canadian Division Sergeant-Major, Joint Task Force, Department of National Defence, Government of Canada

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Mr. Stephen Roman, President and Chief Executive Officer, Global Atomic Fuels Corporation

Mr. Mike White, President and Chief Executive Officer, IBK Capital Corp.

Mr. William White, Chairman, IBK Capital Corp.; Director, Empire Club of Canada

Mr. Blair Zaritsky, Chief Financial Officer, Osisko Mining Inc.

My name is Barbara Jesson. I am the President of Jesson + Company Communications and President of the Empire Club of Canada. Ladies and gentlemen, your Head Table.

We are pleased to welcome a number of students from Centennial College, the University of Toronto, the University of Waterloo, and Ryerson University. Thank you to IBK Capital Corp., Kreative Ventures Limited, and Providential Pictures Inc., for sponsoring our student tables today.

Students, please, rise and be recognized.

What a proud moment it is to be Canadian in this, our sesquicentennial year. What could make us prouder than the athletes who are with us today? Not long ago, a cousin in England found a photograph of one of our great uncles. He is standing in his World War I uniform with a small kitten curled into his neck, smiling shyly at the camera. Just weeks after the picture was taken, he was dead, lost to his family somewhere in France. Where did that young farm boy from rural England find the courage to go to battle?

Some intensive research followed the discovery of the photograph, and we were able to locate a gravesite in France. After some transatlantic discussion, a group of family members made a pilgrimage to Arras, near the Belgian border. On a Sunday morning, in late April, when the spring flowers were already poking out of the ground, we traveled to the small village of Hébuterne and for the first time in 100 years, family stood by the graveside in the quiet cemetery to pay our respects.

Leaving Hébuterne, we drove to Vimy, and it was only then that I began to understand what had been accomplished by thousands of young Canadian men like him. It is a place that I think all Canadians should see. Standing at the trenches, just metres apart, and climbing a steep incline, our soldiers pushed their way up to reach the ridge, which vividly conveys their vulnerability and the bravery it demanded of them. And 2017 is not just our sesquicentennial year. It also marked an anniversary for Vimy. There are many who believe that this was the forging of our Canadian identity.

A few weeks ago, I heard a CBC documentary about Expo 67, when our national exuberance played out in a great birthday celebration that brought 50 million visitors from around the world to Montréal. There are those that would say this was our moment in the sun, but I would say that never in our time as a nation have Canadian values been more important than they are now. We are not perfect, by any means, but in the face of so much that is wrong in the world, we sure got a lot of things right.

This brings me to the men and women of our military who are with us today. They carry these values and our tolerant, open view of the world to places of acts of war and military tension as well as to peacekeeping missions, sharing our notions of cooperation and collective good. They take with them a long tradition of valour and endurance shown on the battlefields, like Vimy, but, also woven into their genetic code is the joie de vivre of that Expo 50 years ago.

These two tropes come together in the tradition of the Invictus Games that will take place here, in Toronto, in just a few weeks' time. What the Games tell us and remind those participating is that valour and war is one kind of bravery. What it takes to pick up and face challenge after a life-shattering experience is also a choice of great courage.

As the Invictus Games begin here, in Toronto, later this month, we are all reminded of what it takes to be courageous, to take joy in the agility of our minds and the vigour of our bodies, to embrace those Canadian values for endurance and pushing forward, despite injuries and setbacks.

The challenge of competition in the face of adversity. All those things are alive and well in our athletes and will be seen on the fields and courts during the competition.

I want all of you who are with us today, who will be competing in the Games, to know that we could not be more proud of what you have done for us abroad, and we will be cheering fiercely when you compete later this month.

Ladies and gentlemen, it gives me great pleasure to introduce Michael Burns, CEO of Invictus Games Toronto 2017, the largest international competition in the world featuring ill and injured soldiers from more than 17 nations.

Mr. Burns is co-founder of True Patriot Love Foundation, which supports Canadian military veterans and their families by funding programs for mental health, physical rehabilitation, career transition and family services.

In June 2016, Canada's Governor General, on behalf of the Queen, awarded Mr. Burns the Meritorious Service Cross for his work with military families. In 2012, he was awarded the Canadian Forces Medallion for Distinguished Service, the military's highest honour for a civilian. That year, he was also awarded a Queen Elizabeth II Diamond Jubilee Medal honouring significant contributions and achievements by Canadians. If that is not enough, in 2010, he was named one of Canada's Top 40 Under 40. He, too, has shown a kind of bravery in taking a leave of absence from his real job as Vice-President of Corporate Development at AudienceView to head up the 2017 Invictus Games. Please, join me in welcoming Mr. Burns to our podium.

Michael Burns

Thank you, Barbara, for that kind introduction. It is great to be here. We are ten days away from the start of the Invictus Games, but who is counting? Are you excited?

First of all, I would be remiss if I did not ask all those who have and are serving in the Canadian Armed Forces today, if they can, to, please, stand and be recognized.

For two years we have been building and scaling and getting ready for these Games. It takes a lot of great partners, a lot of people, in order to be able to pull off and deliver an international competition. What I would like to do is recognize a couple of those who are helping us to do what we intend to do next week, and General Steve Cadden of the Canadian Armed Forces has been unbelievable in his support in the delivery of these Games. General, we want to thank you and the Canadian Armed Forces for helping us do what we have intended to do. Thank you, sir.

We have had incredible support from all three levels of government, including the Province of Ontario. I know that the Senior Policy Advisor for Premier Wynne is here today, James Janeiro. James, from the very beginning, your government and your boss, Premier Wynne, have been unbelievable in your support for the support for these Games, and we want to thank you and the Province of Ontario for all of your work. Thank you.

Of course, I always think it is good for your employment if you thank the people that you report to. We could not ask for a better board. Delighted to have Michael Cooper, Cecile

Chung and Matt Kelleher here today. Our board, our leadership team, has been incredible. We are so thankful for the support that they have provided us and the leadership, and we are excited to be delivering these Games with them next week. Thank you so much.

Let me start with a simple question. How many people here remember the Hollywood hit film that starred Matt Damon and Morgan Freeman and was about the 1995 South African world championship rugby team that was called Invictus? Show of hands. A good number of you have seen it. For all of those who have seen it, and for those who have not, I want you to know that our Games have nothing to do with that movie. What we do have in common, obviously, is the word 'Invictus'. We are often asked what it means. It is Latin for 'unconquered'. It also happens to be the name of a very famous poem that was written in 1875 by an Englishman by the name of William Henley. It is a poem that has been used since that time by world leaders, the likes of Winston Churchill, Mahatma Gandhi, former President Barack Obama. It was also a poem that Nelson Mandela read to himself every day and to his fellow prisoners while he was incarcerated for more than 20 years on Robben Island.

It is a beautiful poem, but the last two lines probably are the ones that are most memorable, and they read, "I am the master of my fate, I am the captain of my soul."

If you spoke to any one of us that is helping to deliver these Games, we would say that those two lines really represent the spirit, the ethos, the drive, the competition of those who will be coming to Toronto later this month to compete in these Games. And we would say that, despite everything that has been thrown at them, despite the challenges that they have had to face as a result of their military service, they remain unconquered competitors like former member of the Canadian Armed Forces Natacha Dupuis, who did multiple tours in Afghanistan. On one of those tours, two of her best friends were killed in a roadside bomb. Natacha also happened to be first on the scene. Since that time, she has been dealing with operational stress injury. As you can see, here, she suited up for Canada in last year's Invictus Games in Orlando and went on to win three medals, including a gold in the 100-metre dash. She will be back this year representing her country as one of our co-captains. Natacha is Invictus.

Steve Daniel, also a former member of the Canadian Armed Forces, did multiple tours in Bosnia, as well as in Afghanistan, and every time he came back to his family and friends without a scratch. In 2005, in a training accident, he was paralyzed from the waist down. Three years later, he was competing for Canada in the Paralympics in Beijing. Last year, as you can see here in the photo, he was representing Team Canada at the Invictus Games in Orlando in rowing. He will be suiting up again this September to represent his country, again, in the Invictus Games.

Also, about three months ago, Steve graduated from the medical faculty at Laurentian University. Ladies and gentlemen, it is an honour to have Dr. Steve Daniel with us today.

Anybody recognize this guy? Ladies? That is what I thought. What you might not know about Prince Harry is Prince Harry is also a veteran of the British Armed Forces. He served more than ten years for his country. He knows, as well as anyone, what the challenges and life can be like for a soldier, and, certainly, he knows of the unique challenges that military families face. It was after his retirement in 2013 that he was invited to the Warrior Games. I would describe it as sort of a smaller version of the Invictus Games that will be happening here in September, but it is for about four or five hundred ill and injured service members, veterans of the American Armed Forces.

It was during his time at the Warrior Games in Colorado, that year, that he saw for the first time the impact that adaptive sport can have on the competitors and on the family and friends who are there to cheer them on. He went back to London after that experience, pulled his team together and said, "We have got to do this for our men and women, but let us make it an international competition. Let us invite the Canadians, the Americans, the Aussies, the Italians and the French, and many others, and have them bring their service members, their veterans and their families to a competition in London."

At the time, as Barbara mentioned, I was involved with something called the True Patriot Love Foundation, which for almost a decade has been raising great awareness and support for military families across the country.

Two of our board members went over to find out what all the excitement and buzz was about. When they came back, they had lots to report on. Some of the things that they said was that the experience of these competitors and their family and friends was exceptional, that the public appetite for these Games is enormous. The people were not there just for the opening and closing ceremonies, but they were there to cheer on the competitors and their family and friends through the preliminaries and the final rounds.

The media appetite for these Games was overwhelming such that this small domestic event became an international sensation almost overnight. What we also learned was that the Prince wanted these Games to live on, and he wanted other nations to host future games. We took it upon ourselves to go out and make our case that Canada should host the Games in 2017. I remember in June of 2015, when we were all huddled in the boardroom together, when news came in that we had secured the Games for 2017. It was amazing because we all had the exact same reaction at the exact same time, which was, "Oh shit, be careful what you ask for."

I will tell you that as I was reminded by one of the many millennials that we have hired— and they are an interesting bunch who are very tech savvy and know social media better than I—came over to me the other day and said, "You know, Mr. Burns, I was just counting up and doing the analysis here in the office, and it says that we have got 150 games' experience." I said, "That is amazing." He said, "You know what the analysis tells us?" I said, "What does it tell us?" "It says you contribute zero to that number." Suffice it to say, he is looking for new work.

It would have been very easy for us, at that time, to jump into the what and the how, but what we decided to do was to go back and answer the question why. Why did we go out and secure the Games for 2017? Why would anyone decide to work or volunteer at the organization? Why would government or the private sector get behind and support these Games? Why would people buy tickets and show up at these Games when they are on?

We went through this elaborate exercise. It is much deeper than the seven words that you see on the screen, but we tried to answer it in seven words or less. Where we landed was transforming empathy into empowerment. Often, when we are in front of groups like this, today, or other organizations across the country or individual meetings, people often say, "Boy, that sounds great, but what does it mean in the context of the Games?" I think, if you look on the screen, you will recognize that that is one of the bridges along the Highway of Heroes. There are 22 of them from Trenton to downtown Toronto. I think that they best describe what we are trying to achieve in these Games.

As you know, 158 times, Canadians came out of their homes, walked out of their places of work, left their schools, their churches, their synagogues, their mosques, and they lined those bridges. Those bridges were not brought to you by Canadian Tire or Tim Hortons. This was an organic movement the likes of which the country has rarely ever seen.

If you had taken a next interview, and you would have asked any one of those Canadians why they were there, they would use words like ‘service’, ‘patriotism’, ‘honour’, ‘sacrifice’, but, really, what they are getting at or what they are trying to describe is that they have empathy, that they are trying to understand what it would be like to be part of a military family who may have just lost a son or a daughter, a husband or a wife, an aunt or an uncle.

What these Games are going to allow us to do is to tap into that latent empathy that we know stretches much longer than the Highway of Heroes. In fact, it stretches to every corner of this country, to give Canadians an opportunity, through the Invictus Games, to turn that empathy into action. Whether it is making a donation to support the Games, whether it is doing something in your local community to help our military families, whether it is buying a ticket and being at the Games to cheer on these families, we have an unprecedented opportunity in our sesquicentennial to turn that empathy into meaningful action for our families.

What will our Games look like? We have the third edition, which builds on the legacy and the success of London and Orlando. We have got 17 nations, 550 competitors, which makes it the largest Games to date. Every one of those competitors is allowed to bring two members of their family and two friends to join them on the Invictus journey.

We are expecting, now, more than 900 accredited media and broadcasters who will be here in the city to follow these Games and the incredible stories of these men and women who will be competing. This is not just going to be a massive domestic story; it is going to be a huge international story.

We have got 12 sports, more than 8,000 people coming in to take part in these Games, and we have recruited 1,800 volunteers to help deliver these Games.

You will hear a lot about military families; you will read a lot about the focus of military families in these Games, and there is a great saying in the military that the soldier enlists because that is what he or she wants to do for their profession, but it is the family that gets conscripted. We want to make sure that the family has an equally excellent experience throughout the Invictus journey. That is why we have got them all downtown across the street from Nathan Phillips Square at the Sheraton Centre Toronto Hotel. It is really going to become our athletes' village and a place of activation, excitement and an opportunity for family and friends to enjoy the Invictus Games together.

We have world-class venues that are ready and primed to host these Games, thanks to the billions of dollars that were spent by our federal government and our provincial government to host the Pan Am, Parapan Games. We have become probably one of the largest beneficiaries of that infrastructure spent. We will be hosting events out in Scarborough at the Aquatic Centre; the track and field at York University; and we will be using the old Maple Leaf Gardens at Ryerson University as a major hub of sporting activity. We are also going to be using some of the natural assets that the city has. We will be draining the reflective pool at City Hall to stage wheelchair tennis. We will be having outdoor archery at Fort York, and we will be using High Park for cycling.

This city, no matter where you are going to be, is going to be electrifying, and it is going to be exciting.

We also saw these Games as an opportunity much bigger than just an adaptive sport, but an opportunity for us, not to engage thousands, but millions of young people. Through our partnership with Rick Hansen as well WE Day, we have been able to reach millions of young people and curricula that is in close to 10,000 schools across the country today. Teachers having curricula to not only talk about these Games and what they are about and the impact that they are making, but also an opportunity for us to talk about our modern-day contributions, but also what our military and our families have been doing since Confederation 150 years ago through the Boer Wars, the Great Wars—also in Korea as well as Iraq.

We also saw this as an opportunity to highlight some of the great research innovation that is happening across Canada and the world. We have partnered with the Canadian Institute for Military and Veteran Health Research to bring close to 1,000 researchers, academics, clinicians and others whose primary work is on the physical and mental health of our military veterans and their families. Imagine, the very people who are coming up with new drugs, with new therapies, the leading advances in prosthetic technology here in Toronto to share their findings, their evidence and to be able to cheer on the very families that they are helping.

We also see the Games as an opportunity to show our service members and veterans the types of opportunities that there are in the private sector after service.

We have a number of companies—in fact, more than 60—who have stepped up to support these Games. Many of them have mandates to hire veterans—why not showcase that? For two days at the back end of the week, we will be hosting a career summit at the Sheraton Centre Hotel for service members who will be competing in these Games, as well as others, to see what opportunities there are after service.

As you know, Prince Harry has a long history in his family with the Anglican Church. We thought it would be very important to also highlight the historic connection that faith and our military has had, as well as other militaries around the world. Just before the Games, the Anglican Church at the cathedral here, in Toronto, will be hosting a multi-faith celebration, bringing together faith leaders from Catholics to Anglicans, to Hindus, Sikhs, Jews and Muslims in front of a congregation of service members, veterans and the public to thank those men and women for protecting our rights and freedoms, including the right to worship.

The backdrop will not just be the beginning of the Invictus Games, but that is a message that will be coming from the most ethnically diverse city in the world and arguably one of the most tolerant societies called Canada.

Given what we see outside of our borders, what a powerful message to send the world that it is okay to think differently, live differently, believe differently and still get along.

One of the other things that we have said to the Prince very early on was that we did not want to deliver him a city; we wanted to deliver him a country. Close to two years now, we have been going across the country—every corner—to talk about these Games, promote these Games and get Canadians excited about supporting these Games. We are about three-quarters of the way right now through a national flag tour that started in Esquimalt, B.C., and it is making its way across the country. This has been one of our signature opportunities to get outside of Toronto, outside the province of Ontario and make sure that all Canadians can be a part of these Games in some special way.

Often, when we are talking to organizations and we are promoting the Games, we often get the question, "Is anyone paying attention? Are you moving the needle? Are people excited about these Games starting in September?" Early on, we went out, and we asked that question to Canadians. For the question of whether you have ever heard of the Games, 5% of the nation put up their hands and said yes. In the GTA, that number was slightly higher at 8%. After months of promotion, activation, earned and bought media, those numbers have gone up significantly: 45% across the country and 69% now in the GTA.

I am absolutely convinced that by the end of this month, those numbers are going to be in the 90%s.

There is not anybody in this country that is not going to know that these Games are happening here in Toronto.

What I would like to do now is show a great video that is going to bring to life all of the things that we have been talking about and much more in the Games that will be starting ten days from now.

[VIDEO]

What do you think? There is no question it is going to be exciting. I just want to end on a personal note. The photo that you see on the screen is a photo of Matthew Dawe. He was about 27 when that photo was taken. That is his young son, who is about two, running into his arms. Most of my career has been in financial services. Around 2002, we had partnerships across the country with alumni and professional associations. One of them happened to be the Royal Military College. I remember going down there after we signed our contract and meeting with our point of contact there, a fellow by the name of Peter Dawe, Matthew's father. Peter had just finished about 30, 35 years of distinguished service in the Canadian Armed Forces and was now working at the College.

I remember going into his office the first time and seeing this great, big photo of Peter and these four young, strong lads in their Canadian military uniforms. I asked Peter, "Who are those guys?" With a big smile on his face, he said, "Those are my sons." Over the years when I would go back for meetings or briefings or various events, inevitably, the conversation would always turn towards his boys and the incredible satisfaction and admiration that he had for the contributions that they were making for Canada.

In one of those meetings, in 2006, the conversation quickly turned to his youngest son, Matthew. Matthew, at the time, was stationed in Edmonton and was training and preparing to be deployed to Afghanistan. What struck me about that conversation was—and, certainly, in his 30-plus years of service, Peter had been deployed to many hotspots around the world—you could tell in Peter's voice that he was anxious for his son's safety, even though he had been where he was many times before.

Fast forward a number of months later, when I was in Calgary on business. I got an early morning phone call, and my colleague said, "Turn on the TV." I turned on the TV. Sure enough, there was Peter and his wife on national news. I knew right then and there that something had happened to Matthew. Sure enough, a few days earlier, Matthew had been killed in a roadside bomb, along with five others and an Afghan interpreter. I flew back to Toronto and made the drive to Kingston. We are all of the age where we have been to our fair share of funerals, but to be at a funeral for a fallen soldier is different.

I remember on the drive home thinking about what my generation was not doing to help support our military families more. A few weeks later, a good buddy of mine and I got together, and we talked about that experience and his experience of having just met retired General Rick Hillier, who had established something called the Military Families Fund. We decided, with the help of some great friends and others, to host a dinner to try and raise money for that fund to help our families.

About 16, 17 months later, we hosted our first True Patriot Love dinner. Our goal was $1 million. That night, we did not raise $1 million; we actually ended up raising more than $2 million in one evening. What we learned coming out of that night was two things: One, that this would not be a one-time but life-time commitment for all of us involved. Two, when you give Canadians an opportunity to show their support, their gratitude, their love for their military families, they show up every single time. That is why when the opportunity to bring these Games to Canada was there, we grabbed it because we know, particularly, in our sesquicentennial year, the year that we celebrated the 100th anniversary of Vimy Ridge, the year that we honoured those that fell at Dieppe, that this was our moment to show our collective support for military families.

I think if you asked any one of us what is it we are delivering, yes, it looks like an adaptive sport program on the sizzle reel and in the pamphlets and in the ads, but if you asked us what we are really delivering, we would describe it as delivering therapy. It does not start on September 23rd when the Games start. In fact, it started last year when you were selected to represent your country.

For many of the members of Team Canada and other nations who will be coming here, these are men and women, today, who are struggling just to get out of bed in the morning. They are having challenges at home and at work with family and colleagues, or they are having a tough time finding meaningful employment. What these Games give them is an opportunity to put on that Canadian uniform again, to have the flag on their sleeve, to be surrounded by friends, coaches and support staff, but, more than anything, it gives them a mission and a purpose that they often lose when they leave service.

In ten days from now, I promise you, you will be moved. You will be inspired. You will see things on the playing fields that you have never seen before. The men and women that you saw on the video, they are all men and women who have been injured as a result of service. If you asked any one of them, they would tell you that they had been tested by fate many times throughout their careers, and, yet, they remain undefeated, undiminished, proudly and distinctly unconquered. We have such an opportunity this year like no other to show all of our military families, from as far west as Esquimalt in B.C. to Cold Lake, Alberta, to Gagetown, New Brunswick, that we have your backs because, for so long and far too often, they have had ours. I hope that you will join us starting in ten days to turn our empathy into empowerment for all of our military families. Thank you very much.

Ladies and gentlemen, it gives me the greatest pleasure to introduce a member of Team Canada, Dr. Steve Daniel, to talk about his experience and his excitement for the coming days as we lead into the Invictus Games.

Steve Daniel

Thank you, Michael. It was a great job with the presentation, today. It was very moving, the last bit. I know Peter Junior, Peter's oldest son. We served together. We had a course called Pathfinder Course back in 2000 and Pete, today, remains one of my best friends. Every time I connect with him, we always talk about his brother and his wife and how his child is doing, so thank you for bringing his memory to the forefront today.

My story to Invictus is a bit different than most of the competitors. As Michael said, I competed back in 2008 at the Paralympic Games. When I had my injury in 2005, there was not much in terms of support through veterans or even the Canadian military. I had to go it alone for the first part. I was a very active soldier. I did all kinds of activities, strongman competitions and military competitions. When I had my accident in 2005, going from a very fit, strong paratrooper to being resigned to living life in a wheelchair, it was hard for me to deal with. I went through about a year of soul searching, a year of difficulty figuring out who I am, if I am not a soldier. I was trying to figure out how I am going to provide for my family, what I am going to do with my life. That was not an easy struggle.

Fortunately, for me, in 2006, a good friend of mine, a guy I had served with in one RCR, a guy named Andrew McLean, started an organization that you know today as the Canadian Forces Soldier On Program. I was, in essence, the first recipient of the program. He was funding it through his own personal dollars that he had raised. It has gone on to become a very successful program. He called me one day, out of the blue, and asked, “Steve, how would you like to go out to Mount Washington and try some skiing?” I said, “Andrew, I do not know if you have heard, but I am in a wheelchair now, and, as far as I know, people with paraplegia do not ski.” He told me I was mistaken and said, “There is a program out there called the Vancouver Island Society for Adaptive Snowsports.” A lot of them were veterans, actually. They were guys that served 20, 30 years in the military and then worked with people with disabilities to get them back on the hill and experience winter sport.

I did the program. By the end of the week, I was skiing down a double black diamond route on Mount Washington. I thought when you get a guy who does not have the use of his legs to the top of a ski hill in the middle of wintertime and have him ski independently, what can you not do? For me, that was a real game-changer in terms of my attitude and what I was going to do after my injury.

Shortly after that, I was introduced to Paralympic sports through Soldier On. Once again, they had the Paralympic Sport Summit in 2007, where I was introduced to a lot of successful Paralympic athletes. I made that my goal and went on to compete in 2008 in Beijing.

I get a lot of questions these days, like, "How do you go from infantry gunfighter type to being a doctor?" It was my experience in sport that led me down my new path, and it was an experience I had in Beijing. I met a young lady who was in her last year at Stanford. She was like me, a paraplegic, just a little petite wheelchair racer. She had won numerous Boston marathons and Paralympic gold medals. She was successful both on and off the sports field. I thought, "Wow, this lady is really something." I know I have met a lot of athletes, but to meet people who have taken their sport experience and translated it into success in their everyday lives was very inspiring. That was kind of the impetus that set me forward on my career in medicine.

Last year, I got the call to be part of the Invictus Games, and I was like the 5%. I was like, "What is the Invictus Games?" I had no idea. I am pretty far removed from the military at this point, so they explained that these Games had been started by Prince Harry. I thought, "I have time for this. This sounds like a real cool adventure." I signed up, and I did the adaptive rowing. I was not sure what I was going to get out of the Invictus Games. I thought, "I am pretty far along in my recovery, what can Invictus offer me 11 years later?" I have to say, it was probably one of the highlights of my life. It was a remarkable experience, not only for me, but more for my wife and my son.

My wife, Danielle, and I have been together since we were 19 years old. I served four tours. She had been through the thick and thin and had not really been recognized for her contribution. My son was two years old when I had my injury. He did not know the soldier. He did not know that part of my life. For them to get on a plane, go to Orlando and meet Prince Harry and meet other team members of Invictus—both of the Canadian team and the other countries that were taking part—was a remarkable experience for them and it was kind of a full-circle moment to have them be recognized by the Invictus movement. That was special to me.

You did mention I won a silver medal in the rowing competition. That was a lot of fun.

For me to be able to do that and have my wife and son witness that was a highlight in my life.

What to expect this year? I have come back this year. There are ten of us, actually, who have come back as mentor athletes. I will not be doing the rowing this year, just the wheelchair basketball, which I have to say is my first love. I think this year, for me, it is about talking through the training camps. I was not part of the training camps last year, so I got to attend two week-long training camps and to be able to get back into the military environment and see what people are going through. And I am realizing that the struggle is still real for so many of our veterans. A lot of them that I have met are in the same place I was 11, 12 years ago. They are in a very, very dark place. I have already seen the changes in a lot of people's attitudes. There is very healthy social networking that goes on. People are being supported across the country by their fellow athletes. It is very special for me to see that and to be able to help other veterans through this difficult time.

As far as what you can offer, 'turning empathy into action', I think is a great phrase. I think that is something we can all do. We are a little bit far removed now from Afghanistan. There are still people who are struggling with visible and invisible injuries and will probably struggle for the rest of our lives. I think it is important that Canadians do not forget that. Through events like Invictus, we can get behind our servicemen and women as well as our veterans.

Thanks, once again, to the Empire Club of Canada for inviting us, today, and hearing out about the Invictus Games with the important cause. I encourage all of you to tune in or, hopefully, even maybe to attend some of the events in ten days' time. Thank you.

BJ: Steve, thank you so much for sharing that absolutely incredible story with us. We are all so grateful for your service. In celebration of Canada's 150th birthday and our seventh event in our sesquicentennial series, I now ask our series sponsor, IBK Capital Corp., represented by Mike White, as well as our guest of honour, today, to join me at the podium and blow out our birthday candles. I gather that we are going to have to go around to get to that cake.

Happy Birthday, Canada!

Now, please, welcome Mike White to thank our esteemed speaker.

Note of Appreciation, by Mike White, President and Chief Executive Officer, IBK Capital Corp.

Madam President, distinguished Head Table Guests, fellow members and guests of the Empire Club of Canada,

I have the pleasure to express our formal thanks to our key speakers on the Invictus Games Toronto 2017.

As Canada celebrates its sesquicentennial, the Empire Club of Canada is also celebrating this momentous 150th anniversary with a series of special high-profile addresses from leaders of some of the iconic institutions and organizations that have shaped Canada's history. The Invictus Games Toronto 2017 is part of this series honouring our great country. We are proud of our Canadian Armed Forces and the men and women who have sacrificed in service to protect the peace and stand on guard for Canada. Thank you very, very much.

Our luncheon, today, has featured Michael Burns, CEO of Invictus Games Toronto 2017, with a short video from Prince Harry, a patron of the Invictus Games. This luncheon has highlighted the upcoming Games and featured participating members of Team Canada.

I have seen the benefits of developing athletic skills, teamwork and healthy competition. We are all very proud of each of our Invictus Games Team Canada athletes. Please, join me in a warm and special thank you to Michael Burns, Steve Daniel and all the participating members of Team Canada. Go Team Canada, go! Thank you.

Concluding Remarks, by Barbara Jesson

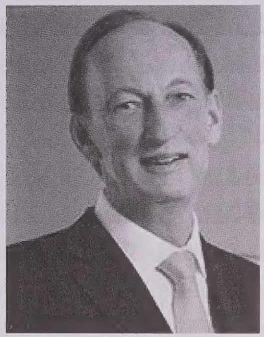
A sincere thank you to our generous sponsors for making this event possible: Presenting sponsor, Osisko Mining Ltd., premier sponsor Franco-Nevada Corporation, and sesquicentennial sponsor, IBK Capital Corp. Without sponsors like these, the Empire Club of Canada would not be possible. Thank you, once again, for your very generous support.

We would also like to thank mediaevents.ca, Canada's online event space, for live webcasting today's event to thousands of viewers around the world. Although our Club has been around since 1903, we have moved on into the 21st century and are active on social media. Please, follow us on Twitter at @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram.

Finally, please, join us for our next event. For anyone interested in doing business in the Far East, Ken Courtis, at the Empire Club on September 21st is not to be missed. Ken Courtis is one of the world's leading investment bankers, investment advisors and analysts of Asian economies and business in Asia. With a free trade agreement with China and a pending renewal of TPP discussions coming this fall, as well as a challenging NAFTA negotiation, to say the least, find out what you need to know about doing business in the Far East, at the Royal York Hotel on September 21st. Please, join us.

This meeting is now adjourned.

The Empire Club Presents



MR. KENNETH COURTIS CHAIRMAN, STARFORT INVESTMENT HOLDINGS

WITH: HAVE WE ENTERED A G2 WORLD?

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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September 13, 2017

Good afternoon, ladies and gentlemen. From the Roya York Hotel in downtown Toronto, welcome, to the Empire Club of Canada. For those of you joining us through eithe our webcast or our podcast, welcome, to the meeting.

Before our distinguished speaker is introduced, today, i gives me great pleasure to introduce our Head Table Guests.

I would ask each guest to rise for a brief moment and b seated as your name is called. At this point, I would ask th audience to refrain from applauding until all of the Head Ta ble Guests have been introduced.

HEAD TABLE

Distinguished Guest Speaker:

Mr. Kenneth Courtis, Chairman, Starfort Investment Holdings

Guests:

Mr. George Cooke, Chair, OMERS Administration Corporation; Past President, Empire Club of Canada

Mr. Douglas Derry, Past President, Empire Club of Canada

Ms. Catherine Murray, Host, BNN's Business Day PM and Market Call Tonight

Ms. MJ Perry, PhD Candidate in Theology (University of Toronto); Owner, Mr. Discount Ltd.; Director, Empire Club of Canada

The Honourable Bob Rae, Former Premier of Ontario

Mr. Michael Rolland, Chief Investment Officer, Private Markets, OMERS

Ms. Antoinette Tummillo, Director, Empire Club of Canada

My name is Barbara Jesson. I am the President of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

We are pleased to welcome a number of students from the Rotman School of Management at the University of Toronto and from Centennial College. Students, please, rise to be recognized. Thank you to TD Securities, Labatt Breweries and Mr. Discount for sponsoring our student table this afternoon

I am full of admiration for our guest speaker, today. He appears to have created a well-established beachhead in the Asian Pacific market when many of us are still trying to figure out who the players are and where the real opportunities lie.

As Canada struggles to find common ground to renew the North American Free Trade Agreement with our largest trading partner, many believe we must look to the east.

Last week, reporter, Kevin Carmichael, writing in Maclean's, suggested that in July, Canada had a prelude to what our economy could look like if we failed to negotiate the NAFTA deal.

As automotive plants closed for extended periods to retool, Statistics Canada revealed that Canadian export of goods had slumped, and imports declined rapidly. According to Carmichael, the July trade report serves as a cautionary tale of what life could be like without NAFTA. It is anticipated that trade in cars, trucks and parts should rebound in the months ahead as carmakers get back to work, but he argues persuasively that, this summer, we had a glimpse of what happens when the free flow of goods in North America is disrupted.

While we focus on NAFTA, Canada has already begun the pivot to the east. This fall could see decisions on a China Free Trade Agreement and an updated TPP. Diversifying trade markets with access in Asia could offer major opportunities for Canadian business and also send a signal to the United States that while North American Free Trade Agreement is important, Canadian exports can go elsewhere. Still, Canadians have been trying to do deals, particularly in China, since the economic surge began there in 2001.

When I began my own business in 2002, one of my largest clients, a major Canadian company, had just entered in retreat a joint venture deal with a Chinese partner. We announced the deal with much fanfare and then, very quietly, two years later, the company closed its plant into retreat.

They had found that methods of doing business were too different from their own corporate culture.

Eastern inscrutability has become something of a cliché. Nevertheless, for many of us, the rules of the game will be very different from those we are familiar with as we build these new trade relationships.

Some years ago, I read what I thought was a fascinating reflection on how Asian design principles had won the race against leading western electronics manufacturers. The western approach to design had followed a functional model with buttons that clearly indicated exactly what they were intended to do—my dream, by the way. The Asian model, the sleek, shiny, black boxes, clean lines, a façade uninterrupted by any obvious buttons or switches, came to dominate the industry. It seemed to me, as I read this account, that it provided a metaphor that all that we, in the west, find so challenging about Asia.

Our guest, today, can help us to better understand these, I hope, and maneuver these unchartered waters. Ken Courtis is one of the world's leading investment bankers, investment advisors, and analysts of Asian economies and business in Asia. He has led a number of large, international corporation transactions centred on Asia and pioneered several investment banking areas. Just to name a few examples, he led the successful opening and establishment of the Singapore REIT market, the groundbreaking natural gas transactions between China and Australia, the restructuring of Japanese financial institutions and the restructuring and listing as public companies of major Chinese firms, including PetroChina and the Bank of China. He has also successfully led privatizations, major investments and acquisitions in the telecom, energy, transportation, and financial sectors.

If that is not enough, Dr. Courtis is a councillor of the Asia Society of New York; a director of the Global Policy Institute; a director of the Asia Pacific Foundation of Canada; a member of the advisory boards of the Schulich School of Business Management, of Glendon College and of the Economic Strategy Institute, Washington; and he is a trustee of Singapore Management University.

He has lectured at Keio and Tokyo Universities, Japan's two most prestigious international institutions. He is a member of the Advisory Council on Economic Growth, which advises the Government of Canada on major domestic and international economic initiatives.

Ladies and gentlemen, please, join me in welcoming Mr. Ken Courtis to our podium.

Ken Courtis

Head Table Guests, ladies and gentlemen—Barbara, that was such a beautiful introduction. If my mom was here, she would ask you to continue. My father would have wondered who you were talking about. I see people in the room that I have known for many years and many new friends. I am really happy to be in Toronto. When I got off the plane this morning, summer was here, finally. It is a beautiful day.

There is so much to talk about.

Someone, a little earlier today, before we started lunch, asked me how I got into this business. Actually, I started my career as an economist. You know about economists. I became an economist because I thought I did not have enough charisma to become an accountant. I can compete on that with any accountants in the room. You know about economists. There was this economist out hiking in the back country of New Zealand. It was springtime. He came across a flock of sheep. There were all these young lambs that were so cute. He wanted to take one home to his daughter. He went to the shepherd, and he said,

> "If I can guess how many sheep you have in
> your flock, will you give me one?"
> The shepherd looked at this guy, a city slicker,
> who probably thought that he could not even park
> his bicycle.
> He said, "Yes, sure. Go ahead."
> The guy made a few calculations, and he said,
> "I think you have 179 sheep."
> The shepherd said, "What?"
> The economist repeated, "I think you
> have 179 sheep."
> The shepherd asked, "How did you figure that out?
> I do have 179 sheep."
> "Yes, I am an economist. I am good with numbers.
> I guess I won my bet."

> "Yes, yes, take one," the shepherd said.
> The economist bent over and picked up one of the animals. He was walking off, and the shepherd said,
> "Stop, stop. Wait a minute. Wait a minute.
> There is a problem here.
> I want to figure out, really, what you studied at university."
> What a question, the economist said to himself.
> He said,
> "You will never figure it out."
> The shepherd said, "I bet you studied economics."
> The economist said, "How could you guess that?"
> He said, "Because you picked up my dog."

When my mom asked me why I left economics to go into investment banking, it was because I wanted to stop guessing and picking up a lot of dogs. There may be a few dogs in what I have to tell you, today, but I think this is a great time for us to be having this discussion for so many reasons. There is just so much going on.

This week, at the UN, we have virtually all of the leaders who are driving countries to reshape this world. Our prime minister is speaking, I believe, today. Trump gave his rocket man speech a couple of days ago. The presidency will be speaking later this week, and America and China are basically the two powers, increasingly, that are driving this world.

Someone said to me the other day, "Imagine the unthinkable. Imagine a world where China had a leader like Trump, where both countries had a Trump." I think it is time for us to think a little bit more than maybe we have in the past about how we position this country as we do look ahead.

As we look ahead, we see extraordinary technological change starting to take place. If we were in Toronto in 1900, the streets would have been clogged with horses.

By 1915, they were almost all gone. I think that is the type of technological change that is at hand now. That overlaps with globalization. We may have, in the past, thought that China was all about cheap labour, but it is not anymore. China is out there working to drive these new technologies. Its ambition is to be a leader in many of these areas.

When Bob Rae first went to China—I believe it was 1986, Bob—the economy of Canada was significantly larger than the economy of China. Today, China's economy is six times larger than that of Canada. They are growing at 7%, 6% a year. If you just continue to do the compounding—even if that falls to 5% a year—you can see where this goes over time.

We had a relationship with China that was nurtured, that was developed going back to the 1960s, the late 1960s. In fact, the country became the go-to supplier for wheat when the Chinese really got stuck on the international markets. We had a place and position in China.

A few years ago, when we started our commodity trading company, I went with the guys who trade wheat, to Sinograin, which is responsible for much of China's long-term wheat supply and food supply, and we were talking and talking, and they said, “How does a guy from Goldman Sachs get involved in commodity trading?”

I said, “Well, I have been interested in commodities all my life. I am from Canada, a big country that does a lot of commodities.”

He said, “You are from Canada?”
“Yes,” I said. He said, “Come over here.
We want to show you our special room.”

He took me into this lovely room. It is called the Alvin Hamilton Room. Amazing, because in 1960, Alvin Hamilton, who was then our Minister of Agriculture, broke, effectively, the U.S. blockade on trading wheat with China.

China was going through an extraordinary famine at the time. All that credibility for our country was there and had been nurtured—Trudeau, Mulroney, Chrétien, Paul Martin.

Then, I think we went backwards for a decade.The Trudeau government, I think, rightly, has re-engaged with China. One of the first things they did was to join the Asian Infrastructure Investment Bank, which I will come to later, which I think was the right decision, a decision to put back on the agenda, a negotiation of a free trade and investment agreement with China.

If we are going to continue to be so deeply dependent on America, and we are always going to be dependent on America—the geography is such a great part of politics and economics—we are missing that other leg that we have to build with that part of the world that is going to be extremely dynamic, I think, still for many decades. And that is the Asian economies. The Asian economies are every day more driven by trade with China, investment from China, Chinese tourism, Chinese investment in technology and China's deployment across Asia in building the Asian-wide infrastructure. The Chinese economy, as we think about it, is also changing very quickly. Think of it. In 2012, for example, the service sector was about 40% of GDP. Today, it is 52%, 53% of GDP. In 2006, the current account surplus was 10.4% of GDP; it will be 2.4% of GDP this year. Net exports have been a negative contribution to GDP of 9% over the last 10 years. When I hear people say China is driven by exports, they are ten years out of date in their statistics. That new China service, domestic focus service economy, is going to be a great economy in which we can invest. All kinds of new companies doing things in new ways, different ways, are emerging. I see ahead of us a real cycle of great opportunities in that sector over the next decade.

The Chinese companies no longer are just focused on China. I am on the board of a large U.S. industrial company, which, up until three years ago, had always increased profits, every year, every year. We have 76 factories in China. Then, it is like we hit a brick wall. Profits fell, and then they fell further. The easy explanation is that the Chinese government is making it tough for foreign companies. It happens that the CEO of this company had worked in Asia in the 1990s.

He sort of continued to be very interested in this and how

Asia was changing the world economy and what it meant for his businesses. He said that is too simple of an answer.

The company took a very deep analysis, made a very deep analysis of what is happening. This is what they found out.

Number one, they had never put their best people in China. They sent problem managers. Number two, they always saw China as a source of cheap labour or, in other words, low cost, so they had never invested in technology in China. They found that their Chinese companies had passed them in many ways, from a technological perspective. Number three, they had designed their products essentially for the U.S. market. You can go to Belgium or Canada and say, "We are not going to adapt this to your market; you are too small. Take it or leave it." You cannot do that with China anymore. You could do that with China 20 years ago; you cannot anymore. It is big enough now. It is dynamic enough now. Plus, you have the Chinese companies saying, "Yes, we are going to adapt the products. We are going to make the products the Chinese need." Fourth, Chinese companies, today, are doing increasing amounts of research, very much like the Japanese and the Koreans did before them. If I have a patent on this watch, they are not necessarily going to copy the watch, but they will put patents all around that watch, so that I cannot change it. That is a big issue. You need to set up research in China.

Another reason many companies have to set up research in China is because our universities and colleges are not producing enough people in science, technology, engineering, computers. A proportion of our students going into those sectors has gone down over the last 30 years. And of the proportion of those students who do still go to those disciplines, more and more of them have gone into finance than into manufacturing or other globally traded businesses, whereas the Chinese have a huge emphasis on engineering, math, physics, chemistry and science. They have a momentum on the research side that no one even imagined seven or eight years ago would be possible.

Also, today, the Chinese companies hire whoever they want to hire. If they want to hire you, and you are working for United Technologies, they will say, "We will pay you the same salary; we will give you share options; we will give you lots of opportunities; we will give you more opportunity, because you can run our company." It is unlikely you are going to run United Technologies. If you still say no, they have other ways to convince you. They will go talk to your mother, talk to your father, talk to your boyfriend, your husband. It is a different reality we are dealing with today.

Another development that is fascinating is that Guangdong, this part of southern China near Hong Kong was a series of fishing villages. When Dezsö Horváth who is over there and runs what I think is a global service organization—Dezsö is centred at York University and sells education to the world—Guangdong was a series of fishing villages. Today, it is a metropolis of 30 million people.

What is happening today is really interesting. This is the centre of innovation increasingly in manufacturing. We are starting to see companies, startups, going to this region—

companies from France, Germany, the U.S., starting up in Guangzhou. Once they get to a certain scale, then they migrate to Silicon Valley. All the Silicon Valley VC funds have big operations in this part of China as well. Their ambition is to turn that region of China into the equivalent of Singapore, but Singapore is only 6 million people. That is the other thing we have to deal with here, in China: The scale.

I look at this dynamism and this growth, and we, as a country, have to, I believe, have extremely tight relationships with America. Did not Talleyrand say that countries neither have friends nor enemies and that they only have interests? It is in our interest to have very good, positive, friendly relations with America. The Trudeau government, I think, has worked very nimbly on doing that with a mercurial president that we have, at the moment. I also think that we have to deploy a similar effort to have very tight relations with China, to be seen as relevant for China. It is tough, because they have a different system than we have. Frankly, they are not going to change their system because we asked them to change it. This is a Confucian culture where the state, for thousands of years, has been important in the economy, like it is in Japan, Korea, Taiwan.

How can I say this? China is too big to bully, and it is too old to seduce. I think we just have to deal with it as it is. It is no longer enough dealing just with China; we have to deal with global China. As you look at Southeast Asia, as you look through the Middle East, and if you look through Central Asia, China is the force that is driving those regions, increasingly.

I mentioned earlier that we joined the AIIB. If you think of it, the investment rollout in infrastructure across Asia over the next 15 years will be similar to what we have seen in China over the last 15–20 years. Think of it. China has built 80,000 kilometres of high-speed rail. It did not have any 15 years ago. They are the world leader in this sector, now. I can give you statistic after statistic, but if you think of the One Belt One Road project to modernize, in effect, the Silk Road across Asia into Europe, both the sea lanes and over land, we are looking at, I think, over the next 20 years, at $25 trillion of investment. You might say, well, where is that coming from? If you take the Asian Infrastructure Investment Bank—and George and I were sort of talking about these types of issues over lunch—they have $200 billion in callable capital, which they will lever 10:1, 11:1, 12:1. With interest rates where they are today, you have to be a little bit crazy not to take advantage of them.

Did you see last week that Austria issued 100-year bonds, 2.1%, 11 times oversubscribed? The Chinese are looking at this, and they are saying this is exactly the type of funding we need to build out the infrastructure. The New Development Bank, centred in Shanghai, which is founded by the BRICS economies, also has a capital base of $200 billion, $250 billion. The CEO of that told me he thought they could lever it 15–18:1. You start to see some numbers. The Silk Road Fund is going to be levered up to $1 trillion and so on and so forth.

There is already a lot of money being prepared to be deployed, and, as this infrastructure is built, it will have a dynamic impact on growth and productivity throughout Asia. That, increasingly, will drive the world economy. Imagine that we are in Beijing, today, looking at the world. We have our back to the ocean, so we are looking west. What do we see? We see 600 million people in Southeast Asia, strong growth, 5%, 6%, 7% growth. We see through India at 6% this year—maybe 5%. They have been on 6%–7% growth for a while. We see central Asia with all the great resources. We see the treasure chest of resources, which is Russia. If we can build communication lines through these regions—both sea and land lines—we get into Eastern Europe and Europe itself and, through the Middle East, down into Africa. You are talking about 4 billion people. That is how the Chinese are looking at the world. Of course, trading with America and North America and Europe is critical for them, but they see also these relations balancing over the next few decades. That is the environment in which we are in today.

I wonder if, in history, in years, we might look back and say that the election of Donald Trump was a fluke, but, more deeply, in the social psychology of America, is Trump not a reflection of America coming to terms with its changing position in the world? Often, when you face a challenge, psychologists say first you sort of refuse it; it does not exist. There is disbelief. For a long time, in my discussions with world leaders, there are a lot of people who have all kinds of reasons for thinking that China would fail, like it is going to implode. They say, "It is going to be this; this cannot be happening; they do not have a system like ours, therefore, how can they be doing this?" Then, often psychologists tell us there is a period of anger. When Donald Trump speaks, you can feel that anger. Watch his rallies; you feel that anger.

When he gave his speech at the UN, he mentioned sovereignty 21 times. He did not use the word 'united' once, other than when he said, "I am happy to be at the United Nations." United Nations is a little bit about pooling sovereignty, to some degree. He is going the other direction. Thirdly, you come to accept reality before you embrace it. I am of the school of let-us-get-over-the-first-couple-of-steps-quickly, so we can get on to accepting realty and then seeing how we can embrace it to our advantage.

I think, in the past, in this country, there has been a lot of discussion about how China is a different system. Shall we accept Chinese investment? They have a human rights record, which is different from ours. They are threatening. It is so far out of our mindset. I think we have to also look at those issues a bit differently in a sense that that is the reality. We would like it to change. We would like to see some type of convergence, but I think you are never going to see a convergence between that culture and our culture. You are not going to see a convergence between the German culture and the Canadian culture, so why would you expect to have a convergence? The systems will be different. They will always be different. We just have to play with that and deal with that.

I think that if we were to do opinion polls, we would see that Canadian people are coming around to see that. I think the election of Trump has opened people's eyes to the need to have a broader set of relationships. Actually, I would not be surprised, in opinion polls today, to see a small minority of people who see China as a threat. I would not be surprised if the same amount of people would see Trump in the United States as a threat in what he is doing and how it is playing the international system. I think there are more and more Canadians who understand and accept that we have to have two legs to walk and that, if we are going to continue being a strong trading nation, we have to engage with those people who are growing quickly in the world economy, who are innovative.

Today, the cultural capital of the world, heaven forbid, is probably Los Angeles, Hollywood. Who knows? Maybe 50 years, 75 years, it will be Shanghai. One thing I think we can focus on a lot more—and, again, people in the universities who are here are doing this, but you are the converted—is getting more of our students to study in these regions, learning the languages. How many Chinese students are studying outside of China, at the moment? I think it is about 300,000 a year who go abroad. Many of these students are coming back, and they are bringing the values and practices they learned in the west and elsewhere back. They will also maybe have more impact on change than we will pushing them.

Jiang Zemin said to Bill Clinton, in a meeting, when Clinton said, "You have got to do this; you have got to do that," "Mr. Clinton, why are you so impatient? We are sending so many students abroad that in 25 years all of the people running China will have been educated in America." I think we have to also look at these things from the perspective of time. Technology does not leave us a lot of time because it is forcing us to change. I think, when I listen to political and economic debate, it reminds me of this pre-Darwinian theory of spontaneous generation. It is as though people think we just spontaneously emerge from swamps or something and political events just spontaneously emerge. Really, no, they have a context. They have a history. We have to engage that history and context, and we have to be sure to not change from day to day, to fix our objectives and stick to them. We have to adapt as things evolve, but come hell or high water, there are three or four things that we really have to do and this engagement with Asia, in particular with China, is, I think, at the top of the list. Barbara, I know we do not have a huge amount of time, but if we have time for questions, I would be very happy to take a few. Thank you.

Questions & Answers

Q: Thank you very much for your very inspiring presentation. I have a question concerning the diasporic input of the Chinese-Canadian community in Canada and how that would impact our relationship—Canada with China—because you talked a great deal about how we have to think outside the box. But we have had a growing community that has had a link with China for a couple of years now. I am just wondering if you could talk about this sort of link that we

could actually strategically use in our trading.

KC: Are you talking about the Chinese immigrants living in Canada?

Q: Yes, because you talked about the Chinese international students coming into Canada or even the United States. Thank you.

KC: I understand. I see two parts to that question. Let me take what you said first. Dezsö, what portion of the students at Schulich are from China? Is it 20%, you said, 22%?

What portion of those students stay in Canada after they graduate? Almost everyone.

DH: For a while according to Canadian policy for foreign students, plus they want to get more experience. Based on that, the alumni chapters we have in China are huge.

They are coming here, studying here. They learn more and then go back.

KC: Got it. One of the issues this country faces is that the population is aging and is not growing quickly enough, so we probably need a little more immigration. One of the sources could be these foreign students who come here and get great educations, stay here, and they learn about our culture and then, as Dezsö was saying, they have business contacts and go back to their country. That is a long-term investment, but is a great way to build relationships.

The other way is these students stay forever, and they get jobs in our companies and they, then, become point people for these relationships. Those two drivers, together, I think could make a difference.

Then there is another group of Chinese people in this country—because we are a country of immigrants—who have an intense relationship with China.

They are small-business type people. That is completely under the radar, but that is very intense. If you hold a meeting of the China Canada Business Council in Shanghai, you will have 3,000 or 4,000 people show up.

Q: I am not a businessperson, but I found what you have said fascinating. Given the difference in the negotiations that are going on and the dialogue, how much influence will that Chinese culture have on us in terms of respecting of the elderly and the closing of the income gap?

KC: Once, we had a basketball team when I was living in Tokyo, at Goldman Sachs, and we had a little league among other banks. One day, we had to choose the captain of the team. I had in mind one person who was a great player, and everyone got together, and they finally said, "Oh, no, it is you, Courtis, it is you."

I said, "Why me?" "Because you are the oldest." I see that when western companies have an Asian CEO from China, Japan or Korea, in particular, whom they cannot really fire but whom they do not want as CEO anymore, they promote him to be chairman. In the west, you would say he or she is being kicked upstairs.

In China, he just has more power. And so that position becomes even more problematic. Inevitably, if we interact more with cultures that are different than ours, we learn more about ourselves because we learn more about them. They have some values that are very positive that can be part of our culture and some that do not fit our culture. That is how I would answer your question.

Q: I have a question, Ken. We have been into China since 1983 to deliver the first MBA program in China. Then, the world went to China. Chinese did not have to adjust to the rest of the world, the languages, the cultures. The rest of the world had to do that. I see a shift happening now. If you take, for example, the agriculture situation, they are increasingly buying lands in different part of the world, Africa, Russia and so on. They made a mistake. They implanted a lot of Chinese workers in those countries, which created not a good perception of the Chinese.

I think they are starting to adjust. They are also moving up in the product categories. They are going to more advanced products. In that case, I can do what they have done with Volvo—they finance Volvo, but let Volvo run the company, design the cars, as I understand. I think, increasingly, China had tools to reach out to the world. That is what I see that we are now training people in China and back here.
They want to learn about foreign cultures.
They want to learn languages beyond English.

Is that a more clearly emerging recent trend?

KC: I did not address this issue. It is a complex issue.

It is, first of all, an issue about Chinese investment abroad. Even now, China is still getting $100, $110, $120 billion direct foreign investment from outside, but I think we should expect China, over the next 20 years, to be investing $100 billion, $115 billion, $120 billion outside. This is one of the great pools of capital. We, as a country, have to come to terms with that. Remember, we had a third-tier energy company that had three-quarters of its assets outside of Canada, and we had a psychodrama—it is called Nexxon—that the Chinese company could buy it for $6 billion more than it was worth. At the same time, a company called Viterra, which was our only company still at the top end of the food chain in commodity trading, was picked off by Glencore, and there was not an article in the newspaper about it—a bit strange. We are going to see that if we want foreign investment—we wanted foreign investment in the 1980s. There was America and Europe, and we had to then focus on Japan. We did that, and we got a lot of Japanese investment. I think we need to make the same focus today. But we have to understand that much of—well, 30% of China's economy is run by big state companies, and much of that investment or some of that investment will come from state companies, so we will have to come to terms with that and deal with that.

Secondly, as Professor Horváth was saying, China is going out, today, to learn as much as it can from the rest of the world, but also to invest in technologies that it wants to get for its development. It has a population today that is now more than 50% urban, and it is urbanizing at the equivalent of one new New York City every year, so there is less and less agricultural production, domestically, so it will be taking more food.

Great opportunity for us. It will be about setting up operations abroad. Chinese companies will be setting up big operations abroad. That has not happened before.

Also, I think the Chinese will have new ways of doing business. One of the things that this U.S. company, on whose board I serve, discovered is that the Chinese competitors were using the internet much more aggressively in marketing and in the organization of their company and their operations, client management and sales. They will use new technologies in sort of a new way.

Remember the Chinese invented fireworks, and then, in the west, we had invented the technology to make bells with iron ore or copper. When those two technologies came together, what happened? We created canons, fireworks inside a canon. The Chinese might—because they are taking these technologies and they do not have a lot of baggage—leapfrog us. Surely, they will leapfrog us and develop new ways of doing things that we have not figured out yet. It is going in both directions, I would think, Dezsö. That is another reason I think we gained so much, by being focused on this and involved. We risk losing a lot by not being involved and focused.

Q: Dr. Courtis, thank you so much for underlining the importance of international education. As an educator, I know and I can attest, having been away for a while, that indeed we have been, in the last decade, lagging behind. Thank you for that comment. My comment would be in terms of the Canadians, as we are looking forward and working with the Chinese. Obviously, we want to deal in areas where we are the best in the class. You commented on the technology trade areas. Looking at the next five, ten years, what are the two, three, four areas—I am reading about AI, the medical field, et cetera—in which we are the best in the class such that we, unlike perhaps others, have something with which to work and trade with China?

KC: That is an interesting question. We have to look carefully at what we have today and what we can create and where we can be even stronger. I think one area is education, your area. If we want to influence more how China evolves as a business culture, there are lots of things that we could do through the education that is here.

I think another area—and George and I were talking a little bit about this over lunch—concerns that Canada, the government, has adopted legislation to create a Canadian Infrastructure Bank. If that were of sufficient scale, and then it somehow became related with the Asian Infrastructure Investment Bank and we created, through our scale domestically, a really ambitious program, like the building the national railways, then we would have companies of scale that could compete in this massive buildout of infrastructure in Asia. Those are a couple of the areas.

I was in Montréal recently, and I was just so surprised at how big the digital businesses were in Montréal and how much they are already deeply engaged in China. I did not realize there are three nonstop flights between China and Montréal now. Three years ago, there were none. It is moving. I know that Boeing will not be happy with this, or maybe the U.S. government would not be happy with this, but Bombardier could do a big joint venture with a Chinese company. There are some of the areas in which I think we could move in. I am sure there are many others that we would think of if we brainstormed. I see the ladies are very dynamic on the question side here.

Q: Ken, laced through your comments were references to high-tech enterprise, emerging and growing, and it certainly resonated with me because I have been involved in the fintech sector for a bit, and you certainly see them as top-tier competitors.

What I have a hard time reconciling is that trend, along with the R&D, which you indicate is supporting it, on the one hand, and the other hand, the enduring references to cyber-crime. In the financial space, people comment that cyber-crime—if you see

both China and Russia as two major sources of the crime—has a very different makeup across those two countries. Russia is very much in destructive mode, and China is very much in the "get-the-IP" mode.

Two questions: Is that a fair characterization of the difference and, more specifically, if it has been, is it changing? Does China remain as dependent on IP theft as it might have 10, 15 years ago?

KC: I am on a board of a company that is highly evolved in the tech space. We believe that nothing we do is secure after six months. Our competitors, wherever they are from, are constantly re-engineering what we do. It is not just China; it is everybody. It is not just Russia; it is everybody that is involved in this.

I was at a meeting recently, and we had the U.S. head of cyber—whatever it is called in the Pentagon—speak to us. He spoke for 45 minutes. It was all about China, a little bit about Russia, China, a little bit North Korea.

Also, the French are a little bit devious. Watch out for the Germans a bit. At one point, a Swiss participant in the meeting—a CEO of a Swiss company—got up and said, "I am listening to you. It is almost like America does not do any of this stuff. From what we know, America is the leader in this area."

I was checking out of my hotel the other day, and the guy said to me, "Have you left anything behind?" I said, "Maybe Putin's hiding under my bed." The Russians are everywhere, right? Strangely, because two years ago, the Russians were about to collapse, we were told.

With the sanctions, Putin would be out of business. He would leave office. It is the case that when a country does not have something, it tries to get it any way it can. Now that China is developing its own tech industries—and some of these countries are just really strong—it is innovating. It is doing its R&D. Guess what? China is becoming really interested in IP protection. I think they will become a real supporter of IP protection.

What the criminal networks in Russia are doing and how they are related to government, I have no idea. I really cannot comment on that. What I do know, from everything that I can see, is that in the tech finance space, the Chinese are way ahead of us—in the fintech area. And they have a scale that is really, really significant. The issue now is can they take that technology and the models they have developed and deploy them internationally? If they can, then that is going to change how finance works around the world. Thank you very much.

Note of Appreciation, by George Cooke, Chair, OMERS Administration Corporation; Past President, Empire Club of Canada

On behalf of the Empire Club of Canada and all of us that are in attendance today, it is my privilege to thank Ken Courtis for what, really, have been incredibly both informative and thoughtful remarks. For a presentation that started with an economist struggling over the differences between sheeps and dogs, we have quickly, I think, run through an incredibly insightful overview of China cast in both Asia and a very changing world, one characterized with technological transformation and many political and cultural challenges.

Very clearly from the participation of the audience in the Q&A, Ken, people were both interested and engaged, and they understood the wisdom that you were sharing with us. For all of the above, I thank you very much and look forward to when we might next engage in this type of a discussion.

Thank you very much.

Concluding Remarks, by Barbara Jesson

Ken, thank you for being such a gentleman. I have been mispronouncing your name all day and you have not corrected me, but I have learned.

A sincere thank you to our sponsors, OMERS, for making this event possible. Without sponsors like these great companies, the Empire Club lunches would not be possible. We are extremely grateful for your generous support.

We would also like to thank mediaevents.ca, Canada's online event space, for live webcasting today's event to thousands of viewers around the world. Although our club has been around since 1903, we have moved into the 21st century and are active on social media. Please, follow us on Twitter @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and on Instagram.

Please, finally, join us for our next event on September 28th, with Jorge Araya, President and CEO of Imperial Tobacco Canada, in conversation with Mike Eppel, at One King Street West. Thank you for your attendance today.

This meeting is now adjourned.

The Empire Club Presents

IMPERIAL TOBACCO
CANADA LIMITÉE

JORGE ARAYA, PRESIDENT & CEO, IMPERIAL TOBACCO CANADA
WITH: MIKE EPPEL

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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September 28, 2017

Good afternoon, ladies and gentlemen. From One King West Hotel in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting.

Before our distinguished speaker is introduced to you, today, it gives me great pleasure to introduce our Head Table Guests. I would ask each guest to rise for a brief moment and be seated as your name is called. I would ask the audience to refrain from applause until all the Head Table Guests have been introduced.

HEAD TABLE

Distinguished Guest Speaker:

Mr. Jorge Araya, President and Chief Executive Officer, Imperial Tobacco Canada

Guests:

Mr. Mike Eppel, Senior Business Editor, 680 News
Ms. Deborah Glendinning, Partner, Osler, Hoksin & Harcourt LLP
Mr. Craig Lockwood, Partner, Osler, Hoskin & Harcourt LLP
Dr. Gordon McIvor, Past President, Empire Club of Canada
Ms. MJ Perry, PhD Candidate in Theology (University of Toronto); Owner, Mr. Discount Ltd.; Director, Empire Club of Canada

My name is Barbara Jesson, and I am President of Jesson + Company Communications and President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

There is an elephant in the room with us today, and, believe me, have I heard about it. Our guest speaker, today, is the President and CEO of Imperial Tobacco Canada, part of British American Tobacco, the world's largest tobacco company.

We all know that smoking tobacco products, specifically cigarettes, carries with it a very serious health risk. Even among western nations, tobacco-related health issues remain the leading cause of death.

Before we announced who we would bring as today's speaker to our podium, the very possibility stirred some significant controversy with our board. First, let me state very clearly that the board of directors of the Empire Club of Canada and most certainly its President does not endorse or support the sale of cigarettes or other tobacco products that are ignitable. So, why would we agree to give a voice to our speaker, today? As we debated this, internally, support came from a surprising corners, the most outspoken advocate for social issues on our board. She argued very persuasively that the pendulum on freedom of speech for controversial issues has swung too far and that we should, at least, be prepared to listen.

Today, the western world has taken aggressive steps to curtail the marketing of tobacco products. In Canada, occasional smokers accounted for 17.7% of the population over age 12 in 2015. In 2000, that number was 26%. However, many Asian and third-world countries do not yet have legislation or policies in place to protect their citizens from smoking, and nearly 80% of the 1 billion smokers worldwide live in low- to middle-income countries.

Still, there is some light in all of this. The World Health Organization initiatives seems to have had some success, globally, over the past decade. Smoking worldwide has modestly declined, and, happily, the biggest change is among young people where we will see the most significant health benefits.

Tobacco companies, too, have begun to change. In the past, we know that some companies went to extreme lengths to suppress mounting scientific research about the perils of smoking. Today, at the very least, they are more transparent. Many, including the company before us, today, lead the research on noncombustible tobacco products. Both the UK Department of Health and the FDA now support innovations in tobacco, particularly, new noncombustible tobacco products. As things stand, e-cigarettes containing nicotine cannot be legally manufactured, sold or imported in Canada, but, as I understand it, the Canadian Lung Association is currently updating their position statement based on new scientific evidence.

After much debate and considering all of this, in the end, it fell to me to make the final decision on including our speaker, today, at our podium. This is how I see it. British American Tobacco is a public company with obligations to shareholders. It will not be the first or the last company compelled to reinvent itself or its products. And there are suggestions that at least one tobacco company will be completely out of the cigarette business within the decade. The example I best like to cite is the Berkshire Hathaway case, which started out as a textile manufacturing company. In 1962, Warren Buffet began buying into it after noticing a pattern in the price direction of its stock whenever the company closed a mill. Eventually, Buffet had to acknowledge that the textile business was waning, and the company's financial situation was not going to improve. The rest, as they say, is history. This is where I netted out.

Our guest company is changing, and if we want to encourage that change, we should show courtesy and listen. To this, we added one final caveat. Our guest speaker would have to agree to an interview format whereby he is held accountable by one of Canada's leading journalists. I must say, to his credit, he did not shy away from this.

Ladies and gentlemen, let me introduce you to Mr. Jorge Araya, President and CEO of Imperial Tobacco Canada, who has worked with British American Tobacco since 1995.

He has been a leader in their portfolio evolution and contributes to the transformation of this complex and often controversial business.

His interrogator is Mike Eppel, who has a track record of reporting on financial markets and corporate news for more than 25 years. He is currently with 680 News, Toronto's leading all-news radio station. Gentlemen, over to you.

Jorge Araya with Mike Eppel

ME: Thank you to everyone who is in attendance this afternoon. I understand that you have sort of an opening statement that you want to give about the state of the tobacco industry right now, and then we will get into the finer points of the debate about so many things, whether it is tobacco or e-cigarettes or even the forthcoming marijuana legalization. The floor is yours.

JA: Thank you very much. Barbara, thank you very much for the kind introduction and, most importantly, for opening the doors. I know we are a very controversial industry. We really appreciate the openness. We really appreciate the debate that you guys had and that you finally allowed us to say a few words here. Thank you very much.

I would like to thank the Club for continuing to provide the opportunity for diverse viewpoints to be heard and discussed. To this point, we are certainly a very contentious industry. Let me be very clear: There are important health risks about smoking. Smoking is a cause of serious and several diseases. The only way to be safe is not to smoke. I am the first one to say that, and I want to make it very clear. Still, it is a reality that there are roughly 5 million adult Canadians who smoke.

They are fully aware of the risks of smoking, but they continue to smoke. While we believe they should decide for themselves whether or not they smoke, we also think that they should have less risky products available to them.

This is why we are launching what we call a sort of a revolution, which are these less risky alternatives. These are products that have fewer toxicants and that offer potential public health benefits. We believe that we have a strong proposal that will benefit consumers, governments and society, in general. This is the result of billions of dollars spent on research and development, which has produced commercially viable products that are significantly less risky than traditional cigarettes.

I want to be clear. We want, as was mentioned at the opening, our consumers to migrate from traditional cigarettes to these new, reduced-harm products. This migration will also require regulations that incentivize consumers to make the switch. Success will not be the result of regulations that benefit the producers of cheap contraband tobacco. By providing cheap cigarettes, the legal industry encourages consumption on their unregulated and their untaxed products. This damages public health and deprives governments and taxpayers of billions of dollars a year in lost revenue.

Currently, for the ones who do not know, nearly a quarter, 25%, of cigarettes consumed in the country are illegal and upwards of 70% in some areas of Ontario.

We were discussing, here at the table, that, if Ontario would be a country, it would be the third country in the world with the highest incidence of illegal tobacco consumption. This is only to start the conversation around the illegal tobacco industry.

Regulations like plain packaging now being proposed in Canada will not help. This is a law that removes all branding from the cigarette pack. We know from Australia, which is a country that has this regulation, that this has not improved public health, as their government admits that smoking rates have not declined since they introduced plain packaging. We also know that plain packaging helps the illegal industry by forcing our products to look like theirs. This highlights the huge difference in price between packs, legal cigarettes and untaxed illegal ones. With no branding to differentiate legal from illegal products, it is impossible for consumers, retailers and law enforcement to identify legal versus illegal.

Our government knows this, which is why they are not mandating plain packaging for marijuana.

They also intend on keeping marijuana taxes low to squeeze out the black market. If these principles apply to marijuana, they also apply to tobacco. Our first challenge is to ensure that regulations encourage consumers to migrate away from unregulated cigarettes and to less risky next-generation products instead. One of these next-generation products is called iGlo. This is what we were talking about. We launched this product in the summer in British Columbia. We started a small test there. It heats, and it does not burn tobacco. It is like a tobacco stick. You put it into a device, and, rather than burning the tobacco, it heats the tobacco, so there is no combustion. The vast majority of the toxicants in cigarette emissions come from combustion. With no combustion, the result is far less toxicants. We will follow our i Glo launch with the introduction of our own electronic cigarettes, the so-called e cigarettes, once the law that will legalize them is passed by parliament. These are products that do not contain tobacco, but a simple liquid containing nicotine.

There is a wealth of evidence that suggests that vaping products can have a beneficial impact on public health. Public Health England concludes that vaping is roughly 95% safer than cigarettes. The Royal College of Physicians and the University of Victoria's Centre for Addictions Research are among many other organizations that agree with this statement, but these products will only succeed if we can tell consumers about the harm reduction potential. Regulation must allow us to do so and must permit products to be appealing to consumers. We believe that these less risky products can be the game-changer that brings smoking rates down from its current 16% in Canada to the government objective of 5%. Imperial Tobacco Canada has every intention of working to make that happen, and we look forward to regulations that also support this goal.

IE: When I was first asked to be part of today's event, there was a little bit of a preamble about what the subject matter was. I basically said to Gordon, "You had me at 'tobacco'." The reason being, I grew up in a tobacco farm in Southwestern Ontario. I worked on the family farm for five years. My back still does ache when I hear that word a là Stompin' Tom Connors. When I turned 16, I smartened up and got a job in radio. That is my backstory. Having worked in it and growing up in it, I have never smoked. I would be a frequent attendee with my father at the auction process, which was always fascinating. That no longer exists. The industry has changed dramatically, as you are well aware, just from a growing standpoint, and, yet, in 2009, the government bought out the marketing board system of tobacco, bought out all of the quota of the farmers, similar to the system that the dairy industry, for example, has, and yet, if you drive down to Southwestern Ontario, specifically in Brantford, you will see acres upon acres of tobacco being grown.

One question that I have for you is how much actually Canadian production of tobacco is used now in Canadian cigarettes? It used to be that anything grown and sold here had Canadian tobacco for flavour purposes, a lot of U.S. for filler. Is that all part of the changing dynamic?

When I was growing up, tobacco was, at that time, seen as this pariah industry that it was almost—I joke about my youth, to some extent. I do not want to idolize it in any way, shape or form. Is that sort of the way it is right now?

JA: Canadian tobacco is very high quality, and we use it for the production of cigarettes ourselves and the rest of the legal companies that operate in Canada. However, unfortunately, the vast majority of the production now has been sort of deviated into this illegal market. As I mentioned, 25% of the consumption of tobacco in Canada comes from the illegal market, and farmers are being held captive by these illegal industries and forced to supply them to produce their illegal tobacco. But we utilize Canadian tobacco.

ME: A lot of it goes to the United States, I understand, too. You had some very interesting baseline numbers of—when we were discussing at lunch—the legal price of a carton of cigarettes versus a black market or if you go to a Native reserve and buy a bag of similar amount.

JA: Yes, if we would step down to the tobacconist right here on the street, you would pay roughly $107 for a carton of 200 cigarettes, a typical carton of cigarettes. You can get a baggie, a Ziploc, a plastic bag with the same 200 cigarettes, of lower quality, of course, for $15. That is the asymmetry, and this is what explains the growth of illegal tobacco in Canada.

ME: When you hear of budgetary measures, for example, where they go after the easy target of sin taxes, yes, they want us to not use the product certainly for health reasons, but is there a direct correlation soon thereafter in the numbers that you see from a sales standpoint from legal versus illegal production?

A: Yes, indeed. Every time authorities tend to shock the industry and apply hefty increases in taxation, there is a dramatic shift towards illegal tobacco because prices have to go up. As I mentioned in my opening remarks, this is what explains why Canada rates are so high in terms of illegal tobacco consumption. If you compare ourselves with south of the border, with the States, there is a significant difference in the rate of taxation. Tobacco consumption behaves exactly the same in terms of underlying decline of consumption, but there is no illegal industry. That is the difference. I think authorities have to be very prudent. We believe in high taxation for tobacco. Do not get me wrong. We have to pay for the externality that we generate, but any exaggeration, and it is basic economic theory, moves consumers into the black market.

Actually, our prime minister, Mr. Trudeau, mentions that. He says there is no illegal industry in alcohol, in beer, because taxes are at a reasonable level. That is not the case of cigarettes. He mentioned this. I am quoting him. It is an absolute reality, unfortunately.

E: If you do not want people to smoke, necessarily, for health reasons, how do you, as a company that makes cigarettes, get there from here where we are trying to reduce the number or the percentages? If you cannot do it, necessarily, through taxation, and you cannot market your product, per se, are there technological advances—or how are you transitioning?

JA: Good question. We have very strong principles. First, we believe in the choice, in freedom of choice, in the capacity of adult consumers to decide what they consume. If tobacco is a legal product, they should be allowed to choose, and they should be allowed to have access to the products. Having said so, we strongly believe that by offering reduced-risk products and being able to communicate this to consumers and being able to have good quality products that are available out there, consumers will migrate. What we are basically trying to do is migrate smokers from traditional cigarettes into these next-generation vaping products in such a way that they have less risky options, if they decide to consume. At the same time, we do each and every possible effort to keep the products away from minors, to keep the product away from any sort of communication in the case of cigarettes. If you enter into a store, you cannot see cigarettes.

ME: No, that is true. Will there always be this skepticism that the tobacco industry brought this on by itself through various health issues of the past and cover-ups and investigations? Let us face it: The consuming public is like, "Ah, the tobacco industry, they are always going to have this cloud of smoke, perhaps, above." As you said, you cannot market to change perceptions.

JA: Yes.

ME: How do you—does that come through lobbying where you have to go through the government channels to allow the sort of rebuilding and, again, to allow people to get off harmful cigarettes and onto, if in fact it is, a healthier product?

JA: We have a very progressive view. Two comments on your remark. First, we believe the future has to be very science-based. This is not about what I think or whoever thinks. This is about scientific evidence regarding harm reduction. For the past few years, the industry has been investing billions in research and development in order to come up with reduced-risk products. It is not us saying it. This is the evidence coming from scientific publications; this is Health UK, the Royal College of Physicians—some very highly credible universities who are driving independent studies on this. As long as this is scientifically driven, we are happy to play. That is the first thing. If that is allowed, what we are saying to the authorities—and this is being discussed at parliament at the moment, namely, Bill S-5—is that we need very clear product standards so that consumers can trust this product. We need to be able to inform consumers out there, to inform smokers of the characteristics of these new products. If we can tell them that these products are 95% safer than a cigarette, they might be willing to try and migrate. If we cannot, we can come up with fantastic products, but they will never know. Consumers will not know; hence, they will not migrate. Therefore, there is not a solution for something that the authorities in Canada want and what we want to support, which is this migration out of smoking.

It is impossible to do it without cooperation. I think the days where the tobacco industry was not received by the government, the day where the industry was demonized, those days should be over. We are very open. Everything that I am saying, you can enter into bat-science.com and you will see all the research, all the studies, et cetera. It is a very open door and transparent policy—science-driven—and this is what we want to do.

ME: The other thing, too, concerning the sale of illegal product, is that we are going to have marijuana sales starting next summer. And, yet, we were talking earlier about vaping and e-cigarettes and a lot of these things are not even "legal" in the Canadian market, and yet, I did not know that. Again, I am not a user of any of these products, so it is not necessarily on my radar, but I have a feeling that a lot of people in the audience do not know, necessarily, what is and what is not legal.

JA: If vaping would be legal, believe me, we would be there. We are not. Vaping, in Canada, and selling liquid nicotine vaping products—unless they are approved by Health Canada—are illegal. All the stores and all the products that you see out there are basically selling illegal products. This is why, finally, the parliament decided to promote regulation on this. This is being discussed at parliament. We hope that sooner, rather than later, products become legalized. The moment they become legalized, we will be in the market offering high-quality vaping products that are much less risky than cigarettes. At the moment, they are all illegal. We operate in a market—this is very peculiar for a Latin; I am Chilean, by the way—where 25% of cigarette consumption is illegal and it is tolerated and where 100% of vaping consumption is illegal, and it is tolerated. To me, it is incredible. I just do not get it. I hope we get some traction with the authorities and we manage to legalize this market because it is in the benefit of all consumers.

ME: Does the upcoming legalization of marijuana help or hinder the tobacco industry from a lobbying standpoint? And, again, there is this message of you have sort of a normalization of marijuana use—it is an inhaled product, for the most part, the smoking version. Can you use that to argue your case, or are they two different products such that there is no crossover?

A: I think they are two different products, but they should be treated similarly. At the moment, for Bill C-45, which is the bill that intends to legalize marijuana, as you mentioned, the objective is to very ambitiously have it legalized by next summer. The government is basically advocating for lower taxes; it is advocating for branding in the products; it is advocating for keeping the products away from criminals and away from the hands of children, which we entirely agree with. I am not saying that we agree with marijuana. I have enough controversy with tobacco, so I do not want to get into the marijuana thing. All the principles are exactly the right principles in order to promote an industry, and we agree with that. We think tobacco should be treated equally; otherwise, we would be in a very contradictory environment whereby marijuana would have branded packaging, would be allowed to communicate certain things, would have lower taxes, and tobacco would be in unbranded packs exactly as illegal tobacco, and we will not be able to communicate, and we will continue having absurd levels of taxation. Our message is only a call for consistency in the treatment of these two categories.

ME: I was surprised that your company and the tobacco industry did not actually get involved with the formation of the legal marijuana industry. You are talking about a grown product into a smoke or, well, in some cases, edible format, but would there not be a tie-in between the two industries?

JA: No, not for the time being. It is an industry that we do not know. We do not understand the product. We do not understand the science behind it. Everything that we do is very science based, so, no, we are not interested, not close. We follow what is going on in terms of legislation because, of course, we are advocating for a very consistent treatment of the two industries, if that is the case.

IE: At the same time, if you had an interest in it, then would that not give you some inroads, I suppose, again, to argue your case about a standardized form of marketing, packaging, sales, the black-market issue?

A: Yes, I think we will approach all this black-market issue basically following the basic laws of the economy and the government. Again, Mr. Trudeau and the finance minister have been very vocal in saying that prohibition does not work, that the draconian regulation, in the case of marijuana, would only continue keeping the product in the hands of the criminals and not in the hands of a legal industry. We see the analogy. We think that is our voice, and this is what we are saying. We do not need to be part of the marijuana industry to actually advocate for very clear principles that I think benefit the society, in general, in Canada.

IE: Where does Canada stand when it comes to the packaging issue for cigarettes? Again, I am not a smoker. I do not go to the United States, specifically, and search out how tobacco is sold there, for example. But are we at the forefront of countries that are really cracking down and trying to suppress tobacco sales?

A: Yes, Canada. Let us say, if you allow me the word, and with a lot of respect, that it is a very hostile market for the industry in terms of regulation, so whoever is a smoker here and looks at the pack sees that it has a 75% warning. So, 75% of the pack is a warning with a very nasty image, et cetera. What is part of S-5, which we are opposed to, is that the government wants to ban branding from packaging and basically make it such that you will have the brand name on a dark pack and from 75%, they will add another 25% warning, and that would be it.

We opposed that consistently and in a very firm way because there is only one country that has experience with this plain packaging, which is Australia. They have been into plain packaging for the last four years. For the first time, their government has acknowledged that tobacco consumption is not coming down in Australia. On the contrary, they see illicit tobacco, illegal tobacco growing and consumption very stable. We think it is a very ineffective measure that will only promote further growth of the illegal tobacco market. By the way, if there are people from the other industry here, this is also a trademark expropriation. This allows the government to take property away from you without paying. They will be removing the tobacco brands from the cigarette pack without paying a cent for that, which we think is absolutely illegal as well. We oppose violently to that.

ME: We have seen, in very short order on a year-to-year basis, huge changes within the tobacco and cigarette industry. Where will we be in five years or ten years out? Do you see a transition happening? You would like it to happen, but is it feasible, or do we continue to ward off people from cigarette use in the first place?

JA: It is a very good question. I can share an example, which is Japan, which has very progressive regulation in tobacco. Almost 18 months ago, Japan started with this introduction of what we call tobacco-heated products, which is what I recently mentioned. We launched in Vancouver, this product called Glo, whereby you put a stick, similar to a cigarette, inside a device that heats the tobacco. It does not burn the tobacco. It is very similar to vaping, but it is not vaping; it is tobacco that you put inside the machine, and then you smoke. In less than two years, that accounts for 30% of tobacco consumption in Japan, which is one of the biggest markets in the world. There is a chance for this to work. What has happened there—well, the tobacco manufacturers are allowed to communicate, so they are communicating that this product is less harmful than cigarettes. There are very strict product standards that the industry has to comply with, which is what we want to happen in Canada, and taxation is reasonable in such a way that these products are affordable, and consumers can pay for them. Again, in less than two years, 30% of the smokers moved to these less harmful products.

We believe we can do that here in Canada, but in order to get to that sort of ground in that sort of time, we need legislation. In the current legal framework, we believe it is absolutely impossible. We will do our best effort. We already started in Vancouver. We have been there for two months. We want to come into Ontario and to spread this across the country. As soon as the law enables us, we will launch the vaping products, but, if regulation does not help, if we do not have this cooperation and collaboration with the authorities, we believe this will be a very difficult enterprise.

ME: Does the legalization of marijuana, then, if in fact it is a successful rollout with the lower taxation level, help your case? Because their objective is to keep the black market out of it. Now, again, it is going to be sold through individual stores operated by the LCBO, but does that help your case, going forward, to piggyback off that and say, "Look, it is working here, where you can keep the control of the usage and guide the consumer," so to speak?

JA: We hope that we get at least the legalization of vaping before the legalization of marijuana. If it does not happen, yes, of course we will sort of look at the evolution of this market and continue expressing our views regarding what kind of proper legislation is needed in Canada in order to migrate adult smokers into less harmful products. That is what we believe is the only solution. They can make tobacco illegal. Sometimes when I am confronted by the tobacco control community, I ask them back, "What is your solution? Make us illegal. Why are you investing so much money from taxpayers in lobbying, in traveling, in anti-tobacco conference, et cetera, et cetera, et cetera, and never come up with a solution. Make us illegal." That would not be a solution. This is happening.

ME: No, because then you get into prohibition.

A: This is what they have been doing. The more regulation they put into a legal industry, they are basically moving this on a golden tray into the illegal tobacco manufacturers. This is what has been happening as regulation has been becoming increasingly more restrictive in Canada at the federal level and at the provincial level as well. The two levels are very complicated.

ME: As well, again, where I grew up, they bought out the farmers. In 2009, on Labour Day weekend, there was the class action lawsuit settlement—I think it was 2008 or 2009, I cannot remember specifically. But, that weekend, going into the long weekend, on Friday afternoon the government announced that they were buying out the tobacco industry, the quota system. Why would they do it on a Friday afternoon? Your guess is as good as mine, but it probably did not get the media coverage at the time.

Having said that, the amount of tobacco that is grown now is quite substantial. It is based on a contract system. I am hearing, just through friends and family, that they are looking, again, at cracking down and trying to close down that, the production side of it. Do you think if that happens, and you are not getting local production, and, again, I do not know exactly how much it is used domestically in Canadian cigarette production, specifically, but is that the first step maybe to, again, get away from standard cigarettes?

JA: I think what has to be done is basically manage the demand side of it. The government has to facilitate the demand side of it, which is basically making consumers aware that there are less harmful products available. That will trigger the—it will not be a supply-driven movement; it will be a demand-driven movement. For that we need tobacco, anyway. That pushes the supply. What is essential—and we were talking behind the scenes—is consumers did not know about low-calorie products until they started to be communicated. It is the same thing here. Consumers will not know about less risky nicotine products until they start to be communicated and until they trust them. For that, you need very clear product standards, high quality, not this sort of back-of-the-garage kind of liquids that you put in a big machine—no. You need high-quality products and very reasonable possibilities to communicate them.

ME: I understand you are open to taking some questions from the floor.

JA: Absolutely.

: I have a question, and it is something we did not talk about at lunch. Obviously, we know now, from the endless media reports over the last six months on legalization of marijuana, that there are a lot more ways to consume marijuana than there are tobacco. You can drink it through tea, or you can eat it. We know there is a lot more. We also know that, for those that want to be more healthy and that are going to consume marijuana—at least what people are saying—they probably will not smoke it; they will consume it in some other way. My question—and you said you only dealt in science—is not really a scientific question; it is more anecdotal. My question is we know that marijuana—whether you smoke it or consume it in another way—increases appetites, all types of appetite: Sexual appetite, food appetite, and so on. And it lowers inhibitions. That is a well-documented side effect of consuming marijuana.

If I were working for a tobacco company, it seems to me that, and I am not trying to cast any aspersions, but it would seem to me that this would be opening up an enormous new demographic for smokers, that these people that are going to be consuming marijuana might want to smoke or consume tobacco, and they would not otherwise necessarily have done that. Do you put any credence in that at all? Is that something

that anyone in your company has ever looked at, a all, as a potential new market for tobacco?

JA: No, not really. We know that a lot of consumers smok tobacco and smoke marijuana. Marijuana is widel spread. Actually, there are more marijuana consumer than tobacco consumers, as far as we know. The relationship between them and the effects on health of marijuana—we do not really know them. We do a lot in scienc with nicotine and tobacco. We do not know the effects o cannabis. It would only be anecdotal. We do not have position on that. I will never say never, but, for the tim being, no, we do not know. We do not really know.

Q: My question is in regards to vaping. In Bill S-5, on of the provisions is a prohibition on letting consumer know we are marketing to consumers, that it is a safe product. Has the government given you justificatio on why they would prohibit that type of marketing o branding or that type of advertisement in regard t when vape products are legal?

JA: I think there is a very thin line between safe and les risky. What we are advocating for is at least to be abl to inform consumers that these products are less harmful, that they contain significantly less toxicants than cigarette, than a traditional cigarette, and we believe tha is the right way to do it. Unfortunately, we face a ver conservative approach of the tobacco control community which is influencing regulation. It is a debate that we ar having at the moment.

We are confident that our voice will be heard and that we will be able to communicate a few things that will drive this shift from traditional cigarettes into these vaping products. Otherwise, why would you move, if you are a smoker? You light your cigarette; you are happy smoking, et cetera, et cetera. Unless there is a clear benefit, unless you understand that it is better for you, why would you move? If the legal industry is not allowed to do that, I think this will be a very slow and painful transition towards that. The products have to be good. The products need to have higher quality, and consumers need to know what is behind them. That is the essence of any industry. We are advocating for that.

Good afternoon, everyone. I work for a vape chain, 180 Smoke Vape Store. I noticed we have talked about cannabis; we talked about tobacco; we have talked about e-cigarettes; but we have not talked about the Big Pharma that sells NRT products. What kind of opinions are you seeing from them, from where you sit? Are they supporting some of your causes? Are they going against you? As a vape chain, we mostly see most opposition from Big Pharma. We do not see much opposition from tobacco or cannabis, and nobody is talking about that. Maybe I want to hear your opinion and what you think.

First, we entirely support vaping. We are discussing together, so we hope we can get good legislation because it will be great for you guys as retailers and good for us as manufacturers. We have a very good relationship with farmers. We need leaf. We need tobacco, anyway.

And we do not have a particular relationship with Big Pharma. We think they are not particularly happy with 'Big Tobacco', as they call us. Yes, that is a bad name. We have not been able to change that, but they see a threat. I think they see a threat from the industry because they have a business in smoking cessation. Several independent studies, including one from here, from the University of Victoria in British Columbia, are acknowledging that vaping has much more effective cessation devices and products than what Big Pharma is actually providing. I think that is the sort of competitor, and it is good to have competition, but we do not deal with that industry. We do not have any sort of contact or communication. I think they have their own business, and I am very happy that there are options for consumers who want to quit, which, on the other hand, proves that quitting is possible. Smoking is addictive, but addiction does not mean inability to quit. They make a business out of that. We want to make a business out of the consumers who are moving from traditional cigarettes into vaping. We believe there is a lot of future there.

Q: Bill S-5 puts some vague restrictions on advertising and promotion of vaping and harm-reduction products. What kind of advertising restrictions are you supporting, and what kind of advertising restrictions do you oppose?

A: We will always support anything that keeps the product away from the hands of and visibility to minors. That is a non-negotiable principle for us. We are not into that. We would advocate for any sort of communication that will allow us and you guys to communicate the characteristics and quality standards of the product to consumers. That is basically our position.

Q: I am interested to hear your thoughts in terms of product standards. Would you believe, or do you agree that perhaps the biggest catalyst for a migration to reduced-risk products would be reducing the amount of nicotine in combustible cigarettes to minimally or non-addictive levels, like has been proposed by the US FDA?

A: We welcome the initiative from the FDA in terms of regulating nicotine. In fact, in many markets, there are nicotine ceilings for products. We have not seen that as a catalyst to migrate consumers from one category to the other one. We do believe that the biggest catalyst would be for the vaping industry to be able to claim that the products have much lower toxicants than cigarettes. That is what will trigger this migration in consumers.

On what the FDA is trying to do, we support it. We welcome that. It is a very science-driven process. We also welcome that they have acknowledged the risk continuum where they put cigarettes first and then tobacco-heated products and then vaping products.

Anything that is science-driven is highly welcomed. I terms of the catalyst, I think it is much more about wha vaping is offering rather than what cigarettes are offerin because there is always this risk of the illegal market.

ME: Thank you very much.

JA: Thank you very much. Thank you, Barbara.

ME: Excellent conversation.

JA: Thank you very much.

Note of Appreciation, by Deborah Glendinning, Partner, Osler, Hoksin & Harcourt LLP

This has been a very important and enlightening dialogue I think, for many of us. I am not sure how many people truly understand the extent and magnitude of the issues and th challenges that this industry is facing and has faced for many many years. I think engaging in dialogues like this is critica to having the public better understand what is going on and th great work that people, like Jorge, his executive team and BA Canada, are doing to address things like the public health issu and to put products on the market that are going to deal wit the demands of the public and the regulators.

It is evident the level of commitment that we have seen fro the organization and from the executive team and Mr. Araya in particular. It is not like he does not have enough to do a the office, but he is committed to coming out and speaking t the public on these issues, so that people can understand th importance of the work that is being undertaken.

As Barbara said at the beginning, it is important that we listen. The more we listen, the better we are able to communicate and get across the issues and achieve, together, what needs to be achieved in this industry. I am very proud to say that I know Mr. Araya personally, and I think he has done a tremendous job. I think we should all appreciate the fact that he has put himself out there to be a champion of these issues. It is something that is very important and that I think will bear a lot of fruit in the future. I wish him the best of luck in his continued talks. Thank you.

Concluding Remarks, by Barbara Jesson

I want to reiterate that, Mr. Araya, it was a very interesting talk, and I am delighted that we welcomed you to the Club, today. I also want to thank Mike Eppel, who gave us his time and shared the discussion with Mr. Araya. That was wonderful, and we hope we will see you back at our club, again, Mr. Eppel.

I also want to thank our sponsors, Osler, Hoskin & Harcourt, for making this event possible. Without sponsors like these great companies, the Empire Club lunches would not be possible. Thank you, once again, for your generous support.

We would also like to thank mediaevents.ca, Canada's online event space, for live webcasting today's event to thousands of viewers around the world.

Although our club has been around since 1903, we have moved into the 21st century, and we are active on social media. Please, follow us on Twitter @Empire_Club, and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and on Instagram.

Finally, please, join again soon at our next event on October 12th. The Honourable Mélanie Joly, Minister of Canadian Heritage, will be here on One King West.

Thank you for your attendance.

This meeting is now adjourned.

The Empire Club Presents

THE HONOURABLE MÉLANIE JOLY, MINISTER OF CANADIAN HERITAGE

WITH: CREATIVE CANADA: A VISION FOR CANADA'S CREATIVE INDUSTRIES

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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October 12, 2017

Good afternoon, fellow Directors, Past Presidents, members and guests. Welcome to the 114th season of the Empire Club of Canada.

My name is Barbara Jesson. I am the President of the Empire Club of Canada and your host for today's luncheon, featuring the Honourable Mélanie Joly, Minister of Canadian Heritage, in conversation with Mr. Charles Falzon, Dean of the Faculty of Communication and Design at Ryerson University.

I now call this meeting to order.

Will you, please, remain standing while I respect the Club's tradition by saying grace: United by common interests and concerns, we have gathered here. We each, in our own way, express our gratitude. We are thankful for this time together, for the meal that we shall eat, for the people who have prepared it, and for the freedom of expression and information we share and have done since 1903. We are thankful for both this heritage and for today's gathering of the Empire Club of Canada. Please, join me in singing our national anthem.

[NATIONAL ANTHEM: O CANADA.]

One of the great traditions of the Empire Club of Canada is that we recognize our sovereign. Please, raise your glass to la reine du Canada. Please, be seated and bear with me as we conduct a draw.

Ladies and gentlemen, I should just say that we are going to diverge from our usual format at the Club, and we are going to have our speaker talk before we serve lunch. There will be some time before lunch is actually served. You look like you are getting hungry with your napkins on your lap, but you are going to have to sing for your supper.

Please, bear with me while we conduct a draw for our door prize, a year membership to the Empire Club of Canada and a bottle of Ripasso Bosan, sponsored by Cesari Fine Wines of Verona. The winner is Michael Morreale with the Toronto Symphony Orchestra (TSO).

Before our distinguished speakers are introduced today, it gives me great pleasure to introduce our Head Table Guests. I would ask each guest to stand for a brief moment and be seated as your name is called. I would ask the audience, please, to refrain from applauding until all the Head Table Guests have been introduced.

HEAD TABLE

Distinguished Guest Speaker:

The Honourable Mélanie Joly, Minister of Canadian Heritage

Guests:

Ms. Anne-Marie Applin, Founder and President, Applin Marketing; Director, Empire Club of Canada

Mr. Thomas Chanzy, Vice President, Public Affairs, Ontario Trillium Foundation, Director, Empire Club of Canada

Mr. Pierre Cyr, Director, Board and Stakeholder Relations, Canadian Blood Services; Director, Empire Club of Canada

Mr. Charles Falzon, Dean, Faculty of Communication and Design, Ryerson University

Dr. James D. Fleck, C.C., Chair, Canadian Museum of History, Canadian War Museum

Mr. Graham Henderson, President and Chief Executive Officer, Music Canada

Ms. Nona MacDonald Heaslip, Past President, Empire Club of Canada

Ms. Miranda Mulholland, Artist and Record Label Owner (The Roaring Girl), Prominent Artist Advocate

My name is Barbara Jesson, as I said. I am the President of Jesson + Company Communications and President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

Have you noticed? When was the last time you read a story about Canadian identity? When was the last time anyone asked you to define Canadian culture? I cannot put my finger on the moment. Perhaps, it was the election of our dashing young prime minister or the election of a churlish leader south of the border and the subsequent lurching from one astonishing situation to another, but no one seems to question anymore that Canada is unique and very special and that our culture and identity are benchmarks for countries around the world.

Early in January at the start of our sesquicentennial, a story in the Guardian in London described Canada as the first post-national country. Our identity is multicultural and, behaviourally, that shows up in our flexibility, our receptivity to change and our willingness to compromise. The irony is that none of this is new. There is this notion that Canada is a young nation. In many ways, we are. However, someone pointed out to me recently that, in fact, we are one of the oldest countries in the world, older than Germany and Italy, for example. In fact, we are older than most countries on earth, including India and China.

Scene through this lens, it does put an interesting perspective on things, does it not? The point is that youth is about outlook and attitude, not just chronology. Canada is constantly refreshed and renewed by waves of new immigrants who bring with them traditions and vibrant colours to help us constantly reinvent ourselves. This has a tendency to make us forget that Canada also boasts a rich and ancient past. It has little to do with culture or identity, but archeologists announced last month that the oldest evidence of life on earth was found right here on our east coast of Canada.

One of the west coast recent discoveries of a 14,000-year-ld settlement is about to rewrite the story of North America. Iew finds of Viking occupation in Newfoundland also point to much longer period of occupation than previously thought. hese were just the first of the many immigrants to arrive in ne land now called Canada.

I sit on the board of an organization called Theatre Musem Canada. Some frequently ask what kind of theatre histoy Canada has to cherish and nurture. We tend to forget that boriginal people were performing rituals and dramas as a art of ceremonies and celebrations hundreds of years before uropeans arrived. And the work of Tomson Highway is often ased on First Nations mythology. The earliest known Euroean theatre came to Canada in the late 16th century, about the me that a young fellow named William Shakespeare had just egun his life as a playwright. Today, we have the burgeoning ummer festivals, the works by giants such as Robert Lepage, nd if we do not capture this when the curtain drops, it will be ost.

The Empire Club of Canada, too, has a rich tradition. As I aid earlier, we were founded in 1903 at a time when serious onsideration was being given to Canada becoming part of the Jnited States. Our founders were determined to prevent this. must say what a debt of gratitude we all owe to them, today. peakers at our podium have included giants of modern histoy: Thomas Edison, Winston Churchill, Henry Ford, the Dalai ama, Bill Gates and many others. Why am I taking time to emind all of us of this today? Our guest, today, is Canada's

Minister of Heritage. She is charged with nurturing our arts and culture, our media and communications networks, our language and our multiculturalism. This requires a long view. We expect her ministry to preserve the richness of our past and pave the way forward to our future as a nation. It is a sacred trust, and we expect much of her.

Mélanie Joly is the Member of Parliament for Ahuntsic-Cartierville in Montréal. She is a lawyer by training and the author of Changing the Rules of the Game, which shares her personal vision for public policy and civic engagement.

Prior to her entering public life, she served as managing partner at the Montréal office of an international communications company. In addition to an Honours Bachelor of Law from the Université de Montréal, she holds a Magister Juris in European and Comparative Law from the University of Oxford.

Minister Joly will be adjoined here, today, by Charles Falzon, Dean of the Faculty of Communication and Design at Ryerson and Associate Professor of the School of Media. Mr. Falzon has had a distinguished career in the entertainment industry managing media enterprises in the UK, Japan, Latin America and Malta. He has produced award-winning television series and features as well as live events. He was founder and continues to act as Co-Chairman of CCI Entertainment.

Ladies and gentlemen, please, join me in welcoming to our podium, the Honourable Mélanie Joly, the Minister of Canadian Heritage, and Mr. Charles Falzon, Dean of the Faculty of Communication and Design at Ryerson University.

The Honourable Mélanie Joly and Charles Falzon

CF: Thank you very much, Barbara, and, thank you, everyone. Welcome to this fireside chat, although we do not have a fire. The discussion is certainly going to be an enjoyable one, which we are all looking forward to with the Honourable Minister Mélanie Joly, Minister of Canadian Heritage. Thank you all for coming today. Thank you, Minister.

MJ: Hi, Charles.

CF: How are you?

MJ: Fine. You?

CF: Good, good. There is a lot for us to discuss in a very little time about your vision for the creative industries.

I know people here are looking forward to hearing directly from you on it. I will say to everybody that the hashtag is #creativecanada, which is appropriate, and I invite everybody to use it. Please, I encourage you to tweet and let the world know what they are missing in here. You have had quite the year.

Before we go into the main topic, I just want to look at that year, ask you to look at it. In addition to meeting with all the creators in the creative industries, you have had to do this big party of Canada 150. You have worked with Indigenous cultures. You have worked with the Official Languages Act and so on. There has been all of that. Just maybe you can give us a sense of some of the stuff that stands out for you the most.

MJ: First, I am glad to be back in Toronto. Happy to see all of you. I know that my Parliamentary Secretary Arif Virani is here. I saw, also, Julie Dabrusin, who is a Member of Parliament in the region, and there is Peter Hahndorf, Claude Joli-Coeur. It is great to be back here.

I had a chance to visit production studios here and go and meet your students at Ryerson, Charles. It was my second TIFF this year. It is great to be Heritage Minister at this time of our history. It has been a big year for Canada, as you were saying.

CF: It has.

MJ: There are two things I see that are important in our sector that have been happening this year. First, we re-invested, in 2016, $1.9 billion in arts and culture. It is one thing to say we are re-investing; it is another to see actually these investments trickle down and really see the impacts of these investments. Now, while we are doubling the budget of the Canada Council and putting $550 million, we see artists benefiting from it. While we committed $675 million to the CBC and Radio-Canada, we see more productions being done, more local news, also more journalists being employed, so we see that. Same for Telefilm; same for the NFB. That is one thing.

The other thing, of course, is Canada 150. When I launched, along with the Governor General in Ottawa, the Canada 150 celebrations on December 31st, I mentioned that our social contract—and Barbara was referring to that in her speech at the beginning—is based on three pillars. The first one is the importance of, actually, our official languages.

[Remarks in French] L'importance de nos deux langues officielles, le Français et l'Anglais.

We are right now working on a plan to support the vitality of our linguistic communities and support the importance of bilingualism.

[Remarks in French] Donc c'est un sujet qui est très important, c'est alors que je travaille très fort présent ement.

Second thing is the importance of diversity. We made sure that multiculturalism and diversity are included in everything that we were doing in the context of Canada 150. We have done, also, an important appointment process, which is an open and transparent, but also makes sure to support the importance of different people from different backgrounds.

Finally, what we are working on, and what you were alluding to, is creating a full first, co-developed—with Indigenous people—legislation for Indigenous languages in our history, and that includes 90 languages which are not at the same state of vitality. We are working extremely hard on that. Yes, and we have been working, of course, on Creative Canada.

CF: Wow, quite the portfolio. Let us talk about Creative Canada, in particular. It was a year ago, here, at the AGO, that you were announcing that you were going to be looking at the challenges and the opportunities of the creative industries and you were doing this national dialogue with the creative community. Why did you do that? What was it that made you realize that suddenly we have to have a new direction and a new discussion?

MJ: I think your question goes to, fundamentally, why has culture always mattered to Canadians and why should it matter now? Fundamentally, it is about us, who we are and who we want to be. This is why it is such a great time in our history to be tackling these questions. We know that we are a very small population spanned over a very large land mass. We are bound by reconciliation. We know—and Barbara also said that in her introductory speaking notes—that Indigenous people were here before settlers. We need to work on the work of reconciliation. We are rooted in our linguistic duality. I am a proud Francophone. We are 8 million Francophones that are in this country and surrounded by millions of English language speakers. We are a democracy. We defend and value the importance of equality and the protection of minority rights. Also, of course, we are a country that welcomes immigrants. We value the importance of diversity. It is funny to think that while we all have that, the government, in the past, has been creating an entire system over 80 years to protect and promote our culture. But there have never been, really, a way for government to wrap its arms around our creative industries.

While we know that this is so important, so key to who we are as a country, as a people, at the same time, we know that we are in a sector that is booming. Canada is really strong in that sector. Rather than taking bits and pieces and try to fix the system, we decided to actually have a holistic approach that was impacting all of our sector, but that would actually give the right levers to grow it and make sure that we are extremely competitive here at home and actually in the world.

CF: Of course, the big trust here is that we are, indeed, wrapping our arms around this with this big agenda. It was a couple of weeks ago that you introduced the government's new policy for growing the creative industries in Canada. Most of us have read, looked, analyzed whatever material we could get. Here is an opportunity, directly, to explain what it is and what is in it for the creative industries, for these people here and those people who are outside of here.

MJ: We all know that the sector is really important. There are 630,000 jobs and growing, and it is worth $55 billion. As I said, there was no real strategy.

This is the first creative industry strategy in our history. The objective is—and that is our vision—twofold. First, we want to be a leader in the world in terms of the quality of the content we create here, at home, and that is actually distributed around the world. We want to be recognized for the excellence of our content in French and in English.

The second thing is we want to be a pioneer in making sure that there is a space for national content on the web, a space for Canadian voices on the web. Bearing in mind that vision, we have three important pillars: The first one is the importance of production, the importance of our creators and their stories. The second one is the importance of promoting discoverability and distribution at home and abroad. The third one is actually strengthening our public broadcaster and also supporting local news.

CF: That is a lot. Of those, the thing that seems to have gotten a lot of attention is Netflix. I am just going to go right to that because I am going to be like everybody else and say that is all amazing, but I want to take a minute to ask you about Netflix. Perhaps, you could just set the record straight. What is it all about? What are the strengths? What are maybe some of the shortcomings that you are thinking of, if there are any? Tell us about it.

MJ: Before going there, Charles—because I will get there—I want to just explain what is exactly in these three pillars and everything we have done. Netflix is really important, but it is actually something that is part of our entire strategy.

When we did these public consultations, like you were referring to, 30,000 people participated. It is one of the biggest public consultations that the government did. Thank you to all that participated. What we heard loud and clear was the importance of ideas, of actually making sure we would be supporting ideas at their core. Then, eventually, these ideas can become products, a film, a book, music, whatever. That is why that is a huge shift we are doing. We are actually focusing, now, on creators. This is the core of what we will be doing.

To do that, we will do that in different ways. For example, on the first pillar, we reinvested money in the CMF, in the Canada Media Fund, to make sure that, while we know that our broadcasters' revenues are declining and that the funding of the CMF is based on the broadcasters' revenues and government revenues, the government will be there to make sure that we stabilize the funding in the CMF. That is really important.

The other thing, also, is that we will be modernizing our programs to make sure that they are aligned with how people consume content in music and in books. We will be, also, making sure that we are looking at CAVCO. CAVCO is an issue for many. We want to make sure there is a one-stop shop with Telefilm and CAVCO, and we are reducing red tape.

We are also making sure that we are investing in early-stage development in the CMF. I told you about the importance of ideas. We need to be supporting more script writings and the development of production, eventually, but at its genesis.

Also, what we want to do is we want to support our creative hubs. There are great projects going on here.

Artscape Daniels Launchpad is one that is actually one I am the most fond of. We want to create the next generation of cultural spaces. We want to also make sure that the creative industries are not only at heritage; they are part of a government vision. We have a vision that our creative industries are part of our new vision agenda. Our creative sector will now have access to the development, the economy development fund, which is called the Strategic Innovation Fund to scale our creative industry's companies. That is really important.

Finally, we will be looking at the Copyright Act to make sure that the Copyright Act is modernized and that the focus is on creators. That is the first thing we are doing. That is for the first pillar and making sure that we are supporting our creators and their stories.

The second thing is, once we have the content, how can we market it? How can we distribute it? How can we make it discovered on digital platforms? We will be working with the CRTC to understand what the new players in the sector are and, also, how there can be new ways of supporting Canadian content. Meanwhile, we will also work on modernizing our entire toolkit. The Broadcasting Act—the Telecommunications Act does not take into account the Internet.

We need to make sure that we do that shift.
Also, while we will be making sure to have a strong domestic market, because any domestic market is a launchpad for content we produce, we will be working with

our digital platforms, and that is why we did a proven investment on the part of Netflix. I will come back to that, but that is part of the strategy.

Finally, we launched our first cultural export strategy. We invested $125 million over five years in making sure that we can export our content. That is good for all the sectors, the entire creative industry sector. It is good in music and performing arts and literature, in film, et cetera. Actually, we have empowered our embassies, our missions. We now have boots on the ground to help our creative sector enter key markets. We also announced that we would be more present at international fairs. We will be there for the Frankfurt Book Fair in 2020 as a guest of honour. That will help our sector in the book sector. We were there for the video games sector at the Cologne video Gamescom fair in Germany.

Also, we want to make sure that we are present in entering a key market, which is China, because we will be launching our first cultural trade mission. That is for the second sector. Do you want me to continue?

CF: You just answered every question I was about to ask.

MJ: It is okay. I can continue, because the third pillar is the importance of strengthening public broadcast and local news. We reinvested so much money in CBC/Radio-Canada, and Canadians expect this investment to have real impacts. We want to strengthen the mandate of the CBC. The mandate of the CBC is actually in the Broadcasting Act. While we are opening it, we are also opening the mandate. We want to make sure that, while CBC has received these important investments, actually, it can become the platform, the way to support Canadian content and Canadian culture. We want to make sure tha it is 100% Canadian, and that can help the distributio and the discovery of content here at home and around the world. That is our vision for CBC.

Also, for local news, we know that the digital disruption is affecting everybody in this room and also loca news. We will look into our Periodical Fund to make sure that the Periodical Fund is modified in order not to support print subscription, but, actually, the investmen in Canadian content, so Canadian journalism. We wil support, also, digital transition. We know that all this disruption is happening at a pace that is different, for example, in Toronto, Montréal and Vancouver and, for example, the North, so we need to have that in mind whe dealing with the modernization of our programs and sector.

CF: It is all about having good creators, developing, strengthening their ability to do so, and then to have an ecosystem of production and creative making and export.

MJ: Exactly, well, home.

CF: Home, including the public system and export.

MJ: Exactly, because we need to reform our sector or our legislation here to deal with home, but also making sure tha we can have a broad view because we know that there i a global hunt for stories. We know that now it is a bor derless, how can I say, market, so we need to make sure that we are strong at home, but, at the same time, that we do not only limit ourselves to home, that we look around the world.

F: Tangibly, for example, how is this different in terms of the potential for a young creator in Newfoundland to be getting programming or content in New Zealand? How is this going to help make more of that happen?

IJ: Actually, we need to modernize our Music Fund, and that is what we will do, to help make sure that it is in line with the new business models and that this creator has the tools to actually get the right information about where his music is being heard and listened to and liked. This will actually help that person reaching out to these fans and actually make money out of his work. That is why the Copyright Act is so important. You asked me a question that I did not answer.

F: I am going to ask it.

IJ: Which is the Netflix question.

F: Before I go there now, one question: People have been asking about this China thing all of a sudden. You just mentioned it, again. What is expected to come out of that? Why China?

IJ: China is an important market because what we have learned from China is that there is actually a willingness on the part of the government to grow the sector. Now it is 4% of their GDP. They want to grow it to 5%. Imagine 1% of the GDP in China. There is one new museum built per day in China. They still think it is not enough because they have a ratio of 300,000 people for one museum, while we have a ratio of 30,000 people for a museum. There is also the fact that when you look at the biggest foreign investments happening in China, it is actually in the creative industries, and it is Disney doing a first theme park in Shanghai right now. It creates so many opportunities that we need to be able to seize part of these opportunities.

Last January, I went to China and met the Minister of Culture of China. We agreed to do a partnership, an agreement together whereby the Chinese Minister and I would work on creating a committee to help, actually, the entry of creative businesses and creative artists in China and vice versa. I also created an expert advisory council in Shanghai with great people, such as the person in charge of the Asia market of Cirque du Soleil, Cavalia, and key Canadian executives working at Disney. I was there in China, along with Claude Joli-Coeur from the NFB, the Canada Council, Simon Brault, and also with the Telefilm CEO, Carolle Brabant. They are all working even in their own agencies in developing these relationships. Now, what we want to do is in spring of 2018, we want to launch that first creative industry's trade mission to China, and we believe that there are opportunities in four sectors.

The first one is importance of film and of visual effects. The second is video games and virtual reality. The third is design and museums, in general. The fourth is performing arts. I really hope that anybody that is interested in participating in this trade mission and entering the market in China will, please, feel free to go on the Canadian Heritage website or contact my team because we are actually working on making this happen.

F: Before we open it up for a couple of questions, let us talk Netflix. What is in it for Canadians?

J: What happened is when I first took the department, I very much knew the importance of digital platforms.

I was very much aware, also, that digital platforms did not fall into our own toolkit. Rather than not talking about it and just letting that go, I thought, "Well, let us find more about it." How many Canadians are on these digital platforms? There are 22 million Canadians on Facebook. How many Canadians have Netflix? One out of two households in Canada have Netflix. They are present. They are liked. They will not go away, so how can we have conversations with these platforms? That is the number one question of all ministers of culture in the world right now—how to deal with these new players.

I went to the World Economic Forum. I started a conversation with these platforms, then went to Silicon Valley itself. Actually, Netflix came and said, "We are already investing in Canada, but we want to grow our presence. We like the fact that you have great crews, great infrastructure, but, actually, we really like the great stories that you are bringing up. We just did Anne of

Green Gables with the CBC; we just did Alias Grace with the CBC; and we did the Frontier with the Discovery Channel. Let us talk.”

I said, “No problem. What is your plan?” They said that they would be willing to open a first Canadian production house. That is the first time that they are opening up a production house outside the U.S. Under the Investment Act, I had to approve this. There was no negotiation about a tax exemption. That was not part of our discussion. The production house will be paying its taxes, income taxes in Canada. There is no discussion of whether we should nor not legislate digital platforms. This was not part of the conversation. What was discussed, and what we agreed to, what we approved is an investment of $500 million over five years in original productions made in Canada that would benefit our sector, and there would be $25 million that would be in market development to develop the Francophone content and basically develop the Québec market and the Francophone market, in general, in Canada, because we know that there is not a lot of production in French on Netflix. What was also agreed upon, what we approved, is that there would be a new carousel on their algorithm, which is presenting Canadian content. We will be the first country in the world having that. It will be part of their algorithm, but, not only in Canada, but around the world. That is our way, also, to support the Canadian brand through a platform that has millions and millions of people on it.

We think this is a way to make sure that we have great investments here because that is a minimum of production money. It is also a way to be part of the overall strategy of Netflix because they have announced that they will be increasing their budget, the production budget, and that is making sure that we have a piece of the pie and, ultimately, I think it is to create a way that our own stories are actually on a platform that is seen and liked in Canada and across the world. We think this is a net benefit to Canada. It is a net benefit for the creative sector.

: Thank you. I am going to open it up for a couple of questions. There are mics going around. If you would like to ask a question directly from the floor, please, put your hands up. We have time for two or three before we go right through lunch.

Q: Hi there, Dr. Sara Diamond, President of OCAD University. Minister Joly, thank you for all you have done for the creative industries and for the arts in this country. I wondered if you could just talk a little bit about where design fits in your vision, because, for the first time, it seems that Heritage is actually recognizing how critical this vast array of practices are in our country. Thank you.

MJ: That is a good question. Thank you, Sara. Of course, I have been saying much more ‘creative industries’ than ‘cultural industries’, and that is really, really because I mean it. We are broadening the definition of the cultural landscape to include design, architecture, fashion, virtual reality video games because we think that they are part of our sector. To your point, with respect to design, in particular, of course, we see the value of it. We will be creating a creative industries council, and I will be co-chairing it with the Minister of Innovation, Minister Bains.

We will be able to have these conversations on that council about how to better support the sectors that typically have not been involved. We inspired ourselves from what the UK did with their own creative industry strategy. We think that will have a good impact because there is a lot of crosspollination between sectors.

Meanwhile, also on the design side, when I talked about the trade mission to China, I mentioned design because we think that there is a huge opportunity for the design sector combining with the museum sector. And, bearing in mind that there are so many opportunities in China in that sector right now, the design industry can really benefit from our approach.

Q: Minister Joly, thank you very much, and welcome back to Toronto.

MJ: Thank you.

Q: Netflix is the most visible of the over-the-tops working in Canada currently, but there are others. I am wondering if this is a Netflix policy or if this is an over-the-top policy as Hulu, Amazon, Apple and Facebook and others are soon to be joining the original production fray.

MJ: Of course, Netflix is the platform on the audio-visual side that is the most prominent. We know that Facebook announced that they would be going into production. Hulu is present in the United States, but we know that that is a model that is changing across the world. Amazon is present here but has not invested so much and is not so present in Canada. Of course, we want to continue to have these conversations, but, at the same time, my job is to grow the sector and protect Canadian culture. That is why we need to modernize our legislation to take into account this reality, to think of what is broadcasting now. That is why we will have more announcements in the months to come about how we can modernize our approach. The issue we have right now is twofold. First, I have met a lot of people over the past two years. If I would ask each and every one of you here in this room what is the new business model for audio-visual, art and music, I do not think anybody has the true question because we are in a time of transition. I presented a transition plan. That Netflix piece, for me, is part of the transition.

I also know that we need to work on the long term. That really is about reforming our legislation. That is the first point. The second thing is Canada is always the first one being really, really impacted by what the U.S. does. We are always the first export market from the U.S. Even when I am at the G7 Ministers of Culture Summit and am talking to my colleagues, there is not a lot, actually, of traction there. Italy is not impacted the same way.

Germany is not impacted the same way as Canada is. We are having these discussions at UNESCO. There has been a new directive at UNESCO dealing with cultural diversity on the digital space. The reality is the U.S. is not part of UNESCO and has not signed that convention on cultural diversity that is so important. That is why we need to have these conversations with the American players, meanwhile modernizing our entire toolkit.

CF: We are done. We are late. Everybody is hungry. I want to echo everybody, Minister Joly: Thank you for your passion and your confidence in the industry and for looking things through this new and exciting lens.

MJ: Thank you, Charles. Thank you. This is a midpoint. Creative Canada is a roadmap for the sector. We are not done, but we can work together to make sure that, ultimately, we can all benefit from the great opportunities while dealing with change, which I know can be fearful, but we can do that all together. Thank you.

CF: Thank you.

Note of Appreciation, by Graham Henderson, President and Chief Executive Officer, Music Canada

Good afternoon, everybody. Thank you, Minister, for your speech, today, that furthered your vision for a creative Canada. As you know, at Music Canada and throughout the music industry, we recognize the challenges that have been faced by our friends in film, television and journalism, so your attempts to assist them with these announcements are most welcome.

I would also like to thank you for your words on the importance of the review of the Copyright Act and that you have moved to a focus on creators, putting creators at the heart of not just cultural policy, but economic policy. This is something that we sought for a long time. There is a group that, as you know, Miranda Mulholland is involved with called Focus On Creators that has been advocating it, so we appreciate that.

I also want to thank you for your role in helping to reform the Copyright Board. This may sound arcane to many people in the audience, but this is actually of critical importance not just to the business players, but there was a submission made by over 100 recording artists outlining just how decisions made by that board affect their lives, so thank you.

As you know, there are sections of the Copyright Act that allow others to commercialize the works of creators without proper remuneration. This is the elephant in the room. Miranda Mulholland addressed this in her speech to the Economic Club of Canada. I know you are familiar with it, and I would recommend the contents of that to you. Reforming our Copyright Act to remove those sections is a fantastic opportunity for you and the government to put creators first in policymaking I would urge you to act quickly because there is almost universal agreement on those critical steps.

We are increasingly worried about the disappearance of the creative middle class. I, perhaps, might gently question the perception that we are booming. There are certainly aspects that are booming, but there are other aspects that are at terrible risk right now. The creative class simply cannot exist while others are able to commercialize creators' content withou proper remuneration. At Music Canada, this is our paramoun concern.

Next week, we have our annual policy conference, and we are going to be really seeing a study on the value gap, which I know many in this room are familiar with. It is called, in other sectors, the 'value transfer'. This is the phenomenon where content has got increasing value, is throwing off increasing money remuneration, but it is not finding its way into the pockets of creators. That study, which we will be releasing Tuesday, next week, will help us understand why this is happening.

Thank you, again, for your speech. We, at Music Canada—and, I know, others in this room—are anxious to work with you to create tangible, meaningful solutions that will make a difference for artists like Miranda today. Thank you.

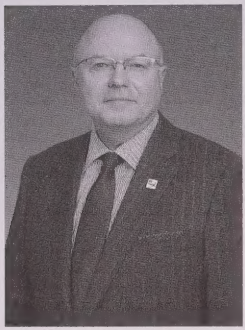
Concluding Remarks, by Barbara Jesson

Thank you, Graham. Thank you for your generous sponsorship in making this event possible, today. Without sponsors like these great companies and organizations, the Empire Club lunches would not be possible. Thank you, once again, for your generous support.

We would also like to thank mediaevents.ca, Canada's online event space, for webcasting today's event to thousands of viewers around the world. Although our club has been around since 1903, we have moved into the 21st century, and we are active on social media. Please, follow us on Twitter at @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram.

Finally, please, do join us at our next event on October 24th. Lou Eccleston, Chief Executive Officer of the TMX Group, will be here at One King West, and we will be ringing the closing bell, as I understand it.

The Empire Club Presents



LOU ECCLESTON, CHIEF EXECUTIVE OFFICER, TMX GROUP

WITH: 165TH BIRTHDAY FOR TMX GROUP LIMITED AND THE TMX GROUP'S OUTLOOK FOR THE NEXT FEW YEARS

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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October 24, 2017

Good afternoon, ladies and gentlemen. From One Kin Street West Hotel in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us throug either our webcast or our podcast, welcome, to the meeting.

Before our distinguished speaker is introduced today, i gives me great pleasure to introduce our Head Table Guests. would ask each guest to rise for a brief moment and be seate as your name is called. Please, refrain from applause unti everyone has been introduced.

HEAD TABLE

Distinguished Guest Speaker:

Ir. Lou Eccleston, Chief Executive Officer, TMX Group Limited

Guests:

Ir. John Burzynski, President and Chief Executive Officer, Osisko Mining Inc.

Ir. John Clark, Chairman, Caledon Trust Company

Ir. Eric Jackman, President, Invicta Investments ULC; Past President, Empire Club Canada

Is. Maude Leblond, Head and Managing Director, Financial Institutions Group, ational Bank Financial

Ir. Vivek Mehta, Head, Wealth Strategy, Bank of Montreal

Ir. Kevin Sullivan, Deputy Chairman, GMP Capital Inc.

Is. Verity Sylvester, Vice President, CMC+CO; Past President, Empire Club Canada

Ir. Mike White, President and Chief Executive Officer, IBK Capital Corp.

Ir. William White, Chairman, IBK Capital Corp.; Director, Empire Club of Canada

My name is Barbara Jesson. I am the President of Jesson Company Communications and the President of the Emire Club of Canada. Ladies and gentlemen, your Head Tale.

We are also pleased to welcome some students from Centenial College. Thank you, IBK Capital Corp., for sponsoring our udent tables today. Students, please, rise and be recognized.

I am just delighted to welcome you to this lunch celebratng the 165th anniversary of the TSX. When we began talking bout this lunch, I, personally, was surprised to learn that the ots of the TSX actually predate Confederation. On July 26, 852, a group of businessmen formed the Association of Broers, formalizing talks that had begun a year earlier to create e Toronto Stock Exchange. Until the mid-1800s, much of the capital for the early development of Canada was raised in th London market. The public shares of large corporations, suc as the Hudson's Bay Company, which was, by the way, th oldest commercial corporation in North America, were held i Great Britain. The Hudson's Bay Company, founded in 167 was modeled on the Dutch East India Company to enable in vestors to mitigate the risks associated with the fur trade.

As European countries embarked on imperial expansio sea voyages that brought back goods from places in the F East and the Americas were fraught with risk, pirates, storm and the limitations of navigational tools. In order to reduce th chances of lost ship ruining their fortunes, the East India Com panies came up with an ingenious solution and changed th way business was done forever. They created company stock that would pay dividends on the proceeds from all the voyage they undertook.

Of course, the roots of modern commerce go back muc further than this to 14th century Venice where merchants fir began selling government debt issues. The Belgians boasted stock exchange as far back as 1531, although they did not se any stocks. In one account that I read, it was suggested th the idea of a share market existed as far back as ancient Rom where organizations of contractors performed state service An example of such services, I read, is apparently the feedin of geese on the Capitoline Hill as a reward for the birds afte their honking warned of a Gallic invasion in 390 BCE.

The TMX history is not quite so colourful. By the turn of th 20th century, more than 100 companies were listed on the TSX nd annual trading volume was close to one million shares. 'oday, the Toronto Stock Exchange is one of the world's largst by market capitalization. Here, to share with us the modern tory of the TSX and its parent, the TMX Group, is Mr. Lou :ccleston, Chief Executive Officer of TMX Group.

Mr. Eccleston joined the TMX Group on November 3, 014. He is a member of the TMX Group board of direcors and a member of the board of directors of several TMX iroup subsidiaries. Mr. Eccleston has more than 30 years f extensive experience in senior leadership roles in the nformation services, financial technology and capital market ervices sectors. Prior to joining TMX, he was President of &P Capital IQ and Chairman of the Board of S&P Dow ones Indices. He was named to the Institutional Investor Tech 50" in 2012, 2013 and 2014. Ladies and gentlemen, lease, join me in welcoming Mr. Eccleston to our podium.

Mr. Lou Eccleston

Thank you, Barbara. My thanks to the Empire Club for iving me the opportunity to be here, today. I was fortunate nough to be here for the Club's Invictus Games luncheon bout a month ago. That was really a first-class event.

It served as a very fitting kickoff to what was a tremenously inspiring week of games here in the city. I am sure it s something that is going to be talked about by Canadians and eople from all over the world that attended, for many years to ome. I am honoured here, today, to commemorate two very large milestones: the Club's ongoing Canada 150 celebration and the 165th anniversary of Toronto's Stock Exchange, as Barbara mentioned. I am going to add a little bit of a history anecdote as well, but try to tie it to, really, how we have kind of grown up together—the TMX Group as it exists today and Canada, as a country.

I have given this a lot of thought in the last three years that I have been in this position. I can say with certainty, now, and no small measure of pride, that Canada and TMX Group have a great deal in common, both in how we came to be and, importantly, how we are positioning for the future.

From way back in our formative years, the evolution of our company has been interlinked with the country's history. In fact, I think it is fair to say that we did kind of grow up together. When I was looking back through history and the scrapbooks and all the milestones that we have notched along the way, I found that the evolutionary timeline is not quite linear, as you might think it would be. In fact, it is reasonable to ask the question of, really, How old are we, anyway? This year, we rightly celebrate Canada 150, as Barbara mentioned, and the making of the British North American Act, which created the Dominion of Canada. What I thought was interesting about that is that was a time with a country with four provinces and no security commissions, if you can actually imagine that. It was not until 1982 with the Constitution Act that Canada achieved true sovereignty from Britain.

In similar fashion, today, we celebrate the 165th birthday of the Toronto Stock Exchange, as Barbara mentioned: 1852. But, in truth, the TMX Group of today actually began all the way back with the creation of the Montréal Exchange in 1832, which was then acquired by the Toronto Stock Exchange in 2008. If you keep following that, that company then became TMX Group, and then TMX Group Ltd. in 2012, with the addition of Alpha and the Canadian Depository for Securities.

What is interesting with that is that transaction in 2012 was driven by the Maple Group, which you may have heard of, a consortium of Canadian banks and investment funds that were formed in an effort to thwart the takeover of TMX Group Ltd. by guess who? Does anybody remember that? The London Stock Exchange. Histories, woven by a common thread, maintaining Canada's sovereignty from Britain. That is the linkage I thought that was interesting to point out as we get started today.

You can call it Canada 150, TMX 165, or simply 2017. This year has been marked by terrific events and really lots of fascinating evolutions that give us plenty of reason for excitement, not just about the history, but the future that we look to.

There is another very significant and undeniable linkage between Canada and TMX. That is our natural resources foundation. In fact, the Toronto Stock Exchange and TSX Venture Exchange, today, are the number one marketplaces in the world for natural resource companies to raise capital. That is from some of the beginnings that you heard Barbara mention.

We did not fall into this. We built this foundation together. As we know, Canada is blessed with a vast wealth of natural resources, which contributes massively to the vitality of th nation's economy. Resource industries play a critical role i creating jobs, driving growth and prosperity for Canadians They always have. The companies that built Canada's economy, as well as some of the companies that, literally, built Canada's infrastructure, from railroads, manufacturing, resourc exploration and communications, raised the capital to run thei businesses via the Toronto Stock Exchange. Investors cam to depend on our markets through integrity, efficiency and reliability. Canada's capital markets grew into some of the bes in the world.

Our leading institutions have weathered all manner of financial crises, if you look back over the last hundred plu years. The success story that is TMX is not really about us It is really about our clients and the stakeholders that built ou marketplace into the true global leader that we are today. I fact, during the Great Depression, over 2000 U.S. companie and brokerage firms closed. Not one Toronto Stock Exchang member defaulted on their client obligations. That legacy continued, and a similar story followed with the market crash o 1987, and then the financial crisis of 2008.

The Toronto Stock Exchange, indeed, has a proud histor of leadership: The world's first computer trading system, th first fully electronic exchange in North America, the first Nort American exchange to go public, and the first exchange to appoint a woman as a CEO in North America.

TMX also invented the exchange-traded fund, ETFs. Thi was recognized as one of Canada's top innovations in the las

50 years by the Globe and Mail. We celebrate that legacy oday.

From the colourful history of the trading floor through the dvent of the electronic age and throughout exchange industry onsolidation, TMX has adapted and endured. We have our lients and our broader stakeholder group to thank for that. heir partnership has pushed our markets to the front of the vorld-wide pack. As we have all come to learn—and the fine rint so eloquently and succinctly puts it—past performance is ot an indicator of future performance.

Everywhere we turn today, disruption is hitting established ndustries, and new emerging paradigms are leaving complaent and less agile incumbents in their wake. The question eally for us now is How do we build on our immensely strong nd proven foundation for the future? When I joined TMX, vhich is now three years ago—so, actually, there is another aniversary coming on November 1st—we had reached a crossoads. We needed to define a clear path forward. What we et out on was a full process—360-degree process—of trying o decide what TMX means and, importantly, what it needs to nean. We canvassed clients; stakeholders across all markets, n Canada and around the world; all of our employees across ll of our businesses. And the goal, really, was to uncover vhat the TMX needs to be and what our client stakeholders vant us to be. From there, we embarked on what has been a ransformational journey and shifted the company strategy 180 legrees from focusing on infrastructure to being a technoloy-driven solution provider that focuses squarely on helping our clients succeed. This was a big change for us and a bi focus that we led throughout the entire firm. It became ver clear, very quickly, what needs to happen: Canada and TM Group Ltd., while maintaining our leading position in natura resources, must also become a world-leading marketplace fo innovation companies to raise capital. We need to be the preferred global destination for fintech, biotech, cleantech an life science companies just as we had become for resourc companies.

Developing a technology franchise on par with our resource franchise is crucial for Canada as well. This will create new jobs, bring in new foreign investment and keep global talent here.

Sounds like a big stretch, but, actually, it has already started happening. TMX markets, today, are already a breedin ground for innovation, with proven success in helping ea ly-stage companies evolve into powerhouses. So far, thi year alone, TMX has welcomed 27 new innovation companies to our exchanges and three from outside our borders. W are, literally, every day, working to bring Canada to the worl and the world to Canada.

Last year, 30% of our revenue, TMX Group's total revenue, came from customers with an address outside of Canad We actively encourage foreign investment into Canada, whil simultaneously bringing Canadian companies to the worl stage.

Our initiatives concentrate on partnering with market lea ers to promote all sectors to international investors and pitc ing the myriad of benefits that they enjoy when they trade on our markets.

Evidence shows that the efforts are paying off. Canada is a world-wide success story, today. This is just not aspirational. According to the latest data, through the end of August of this year, net foreign inflows into Canadian equities was more than $47 billion compared to last year's of $31 billion. That is a 53% increase. It is working.

TMX also proudly represents, advocates for and advances Canada, here, and across the world through initiatives like TMX Ignite, U.S. innovation roadshows, international campaigns. This month, for example, we are having TMX invest in contingents active in across the United States, Brazil, Israel, and Saudi Arabia. We are very active around the world promoting Canada and, as I said, trying to bring that business into Canada.

We are building an increasingly global business by targeting our priority areas of entrepreneurship and innovation and opportunity. In the global exchange rankings, so far this year, we are second in new listings behind Shanghai, but ahead of all other global peers. Global peers, for us, are the London Stock Exchange, the New York Stock Exchange, NASDAQ, Deutsche Börse.

Our Venture Exchange is an international success story as well. Through September 30th, this year, technology companies, the innovation sector I mentioned, alone, have raised 67% more capital than in the first nine months of 2016. When you think about all these statistics and what we are doing and focusing on and the momentum we are already getting, the rise to prominence of Canada's innovation sector is a very real phenomenon that is happening already.

The key point here is that "TMX capital formation ecosystem," as we like to call it, which includes the junior exchange on Venture and the senior exchange with TSX, has evolved beyond resource play. It is not an aspiration. It already has. It is just beginning, but it already has. It is a dynamic vehicle for generating growth capital for any type of company. It is a channel for raising venture capital in a public model. I think this is something that makes us very unique in the world.

If you look at the IOSCO Annual Report from a couple of years ago, they actually called us a unique model in the world.

When you think about things that are converging and forming around the world and you think about a traditional exchange role, and then you think about private capital venture money, and then you think about something that is rising, like crowdfunding or peer-to-peer or human-to-human, as it is now called, we sit right in the centre of that. Our job is to find and help growth companies find that capital. That ecosystem is unique in the world.

Today, you can look at the Toronto Stock Exchange and see that it is home to large, global companies like Shopify, Connexus, CGI, OpenText, the recently announced Zymeworks, while the Venture Exchange features 275 early-stage tech companies. You also hear a lot of talk about—well, companies do not go public anymore. There has been a hisory of declining in public companies. When you look at his on the Venture Exchange, of those 275 companies, more han 20% have gone public in the last two years, and 75% of those companies have raised capital in the last two years. That trend, I submit, has already changed. This idea of being a public venture channel is something that is unique to us and s really starting to gain some momentum. This TMX public venture franchise, it is real. It is growing, and it is attracting nnovation companies from all over the world as we continue o support our resource franchise. In the end, when you think bout all these numbers, you can see the future is actually lready taking shape. We have a video.

[VIDEO]

As our new brand campaign says, as you have just seen, echnology is now everyone's business. It is up to us to craft he future. When you look around, advances in technology have not merely had the effect of expanding or resetting boundaries and the way we think about doing business.

Technology has obliterated the boundaries of how we hink about doing everything that we do. Possibilities are ow as infinite as the human capacity for imagination.

Yesterday's science fiction is today's reality. What was nce considered fantasy, as you saw in the video—self-drivng cars, robotics, artificial intelligence—are here and now.

Conventional thinking has given way to continuous renvention. This is what we thought. What role do we play in the world for our clients? How do we help them realiz their visions, regardless of what industry they are in? Hence the message that we thought we could send that was best fo TMX, best for Canada, and best for our clients today and i the future.

We need to ensure that Canada is the home base for nev game-changing ideas, breakthrough ideas, and redefining industries. TMX is committed to working together with all o our stakeholders to make that happen.

Last year, you might have noticed an issue called the Advancing Innovation Roundtable. We funded that. It was a independent group, a 12-member independent working grou composed of senior leaders from all over Canada in the financial services sector.

The whole purpose there was to bring people together t explore market-based and regulatory solutions to keep innovation companies in Canada, and it particularly focused o growth companies from $10 million to $50 million. How d we make sure that these companies get the capital they need

If you look, many of these recommendations are actuall underway and have been accepted or been implemented or i the process of being implemented. That is the kind of thin we want to do more of.

On this 165th birthday, and in the midst of the 150th ce ebration year, history is important, as always, but we have t build on this foundation that we have coming from history.

We have to leverage and grow the powerful and resilier marketplace that we enjoy today.

That is the way that we will ensure relevance and success n the future.

A closing thought: We all know that no future is guaranteed. Our future is not guaranteed, but we believe, together, t is most certainly ours to see. Thank you.

BJ: In celebration of Canada's 150th birthday and our eighth event in our sesquicentennial series, I now ask our series sponsor, IBK Capital Corp., represented by Mike White, as well as our guest of honour, to join me at the podium and blow out the birthday candles.

[HAPPY BIRTHDAY, CANADA!]

Note of Appreciation, by Mike White, President and Chief Executive Officer, IBK Capital Corp.

Madam President, distinguished Head Table Guests, fellow members and guests of the Empire Club of Canada, I ave the pleasure to express our formal thanks to the key peaker and the TMX Group. The Empire Club of Canada is elebrating Canada's momentous 150th anniversary, as we now, with a series of special, high-profile addresses from eaders of some of the iconic institutions of organizations hat have shaped Canada's history.

The TMX Group, as we heard today, is a big part of this eries and has definitely helped shape Canada's history.

Our luncheon, today, has featured Lou Eccleston, Chief

Executive Officer of TMX Group, and we have celebrated the TMX Group's 165th birthday and enjoyed a discussion of the TMX Group's outlook for the future. We are proud of the TMX Group and the role they have played in the global development of our capital markets. The lifeblood of Canada is capital formation, and the TMX Group has been a wonderful partner in raising capital, which facilitates the growth of business and the creation of jobs in Canada.

Please, join me in a warm and special thank you to Lou Eccleston and the TMX Group. Happy birthday, TMX Group and, as I said, Happy Birthday, Canada! Cheers.

Concluding Remarks, by Barbara Jesson

Now, I get to thank Mike. I also want to thank our generous sponsors for making this event possible: Presenting sponsor Osisko Mining Inc.; gold sponsors Bank of Montreal, Caledon Trust, GMP Securities, and National Bank; and sesquicentennial series sponsor IBK Capital.

Without sponsors like these, our lunches would not be possible. Once again, we thank you for your generous support.

We would also like to thank mediaevents.ca, Canada's online event space, for live webcasting today's event to thousands of viewers around the world.

Although our club has been around since 1903, we have moved into the 21st century and are active on social media. Please, follow us on Twitter at @Empire_Club and visit us nline at www.empireclub.org.

You can also follow us on Facebook, LinkedIn and on nstagram.

Finally, please, join us at our next event, November 14th, ith the Right Honourable Beverley McLachlin, Chief Justice of Canada, at One King Street West. Thank you for your ttendance, today.

This meeting is now adjourned.

THE RIGHT HONOURABLE BEVERLEY MCLACHLIN, CHIEF JUSTICE OF CANADA

WITH: CHANGES AND CHALLENGES

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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November 14, 2017

Good afternoon, ladies and gentlemen. From One Ki Street West Hotel in downtown Toronto, welcome, to the Er pire Club of Canada. For those of you just joining us throu either our webcast or our podcast, welcome, to the meeting.

Before Our distinguished speaker is introduced today, gives me great pleasure to introduce our Head Table Guests.

I would ask each guest to rise for a brief moment and seated as your name is called. Then, if I can ask you to r frain from applauding until everyone has been introduced, th would be terrific.

HEAD TABLE

Distinguished Guest Speaker:

e Right Honourable Beverley McLachlin, Chief Justice of Canada

Guests:

s. Ann Curran, Executive Director, Australia-Canada Economic Leadership rum; Past President, Empire Club of Canada
. Jeremy Devereux, Partner, Norton Rose Fulbright Canada LLP
s. Sinziana Hennig, Partner, Stikeman Elliott
. Frank McArdle, Executive Director, Canadian Superior Courts Judges sociation
. Nick McHaffie, Partner, Stikeman Elliott Ottawa
. Gordon McIvor, Past President, Empire Club of Canada
s. Andrea Wood, Senior Vice President, Legal Services, TELUS; Past President, npire Club of Canada

My name is Barbara Jesson. I am the President of the Em- re Club of Canada and the President of Jesson + Company ommunications. Ladies and gentlemen, your Head Table.

We are very honoured to have with us a number of very re- owned guests, the Honourable George Strathy, Chief Justice Ontario, is with us today. Mr. Chief Justice, thank you for ining us. Paul Schabas, Law Society Treasurer is also with . Thank you so much, both of you, for joining us.

We live in a time where judicial systems and their rela- onship to the citizens they adjudicate are in flux in many rts of the world. While politics are frequently a factor in dicial appointments, we do not have to look too far to see e extreme politicization of Supreme Court nominees and an arming trend toward executive branch attacks on the impar- ality of distinguished justices.

In Canada, we have been relatively safe from aggressiv undermining of our judicial system. I am not sure we ca always attribute this to the high-mindedness of our politica representatives, but, rather, to the quality of the justices appointed to our courts.

Given the high standards set by our judiciary, it may b tempting to characterize these latter kinds of criticism as no applicable to us. Still, we should not be complacent. For example, we cannot simply gloss over the historically trouble interactions between Canada's Indigenous people and our justice system.

It goes without saying that no system is perfect. For th most part, our legal system has somehow managed to strik the delicate balance between clinical interpretation of ou Constitution and Charter and the measured application o compassion. Our Canadian judges, who have, thankfully, no yet had their character impugned by our head of state, continue to work tirelessly to apply both the letter and the spiri of the law in a climate where it has become more and mor apparent that judicial rulings do not exist in a vacuum but instead, resonate on every level and every tier of society.

Our speaker, today, stands at the forefront of a vanguard o exemplary judges. Chief Justice Beverley McLachlin recentl announced that she will step aside on December 15th. I mus say, however, she appears anything but retiring.

Even as she received a lifetime achievement award, th G. Arthur Martin Criminal Justice Medal from the Crimina Lawyers' Association late last month, she waded into the ver charged environment around sexual assault, currently making daily headlines, and asserted the rights of the accused in the face of growing public demands for convictions, whether or not the evidence supports them.

Over a distinguished and truly groundbreaking career, Chief Justice Beverley McLachlin has cultivated a reputation as a staunch defender of constitutional rights, an implacable advocate of judicial independence, and a progressive proponent of the vulnerable and disadvantaged.

Originally appointed to the Supreme Court in 1989, she became Chief Justice in 2000, under Prime Minister Jean Chrétien. As both the first female and longest-serving Chief Justice in Canada in Canadian history, Chief Justice McLachlin's outsized impact on Canadian law will influence generations to come.

Justice McLachlin's approach of conscious objectivity, which injected her judgments with a touch of empathy and a consideration for social context, is clearly evident through her most famous rulings. In her opposition to mandatory sentencing in cases of assisted dying, Chief Justice illustrated her willingness to stand for individual constitutional rights, even when it is not popular or politically expedient to do so.

A frequent target of critics who sought to brand her a judicial activist, Justice McLachlin refused to be cowed by pressure. She has stood toe to toe with political challenges to judiciary independents and, in doing so, protected the courts from changes that some believe would irrevocably undermine the reputation of our judiciary.

She has been particularly vocal on issues of justice for our First Nations people, noting their disproportionate representation in our prisons. She has drawn attention to what Canadian courts have historically done to marginalize these communities.

Outside of the Supreme Court, Justice McLachlin is the Chairperson of the Canadian Judicial Council, and a member of the board of the Advisory Council of the Order of Canada. She served as Administrator of Canada, notably giving royal assent to the Civil Marriage Act.

Ladies and gentlemen, please, join me in welcoming the Honourable Chief Justice Beverley McLachlin, once again, to our podium.

The Right Honourable Chief Justice Beverley McLachlin

Thank you for that very kind introduction and thank you all for being here, today. Merci beaucoup. Today, I would like to talk about the Canadian judiciary. My talk is entitled "Changes and Challenges."

On April 22nd, 1981, I was appointed to the County Court of Vancouver and became a judge. I still have the photo of my swearing in: Chin up, hair dark, proudly wearing my pinstripe skirt and my judge's gown for the first time. That was a long time ago. The woman in that old photo bears little resemblance to the woman who stands before you today.

[Remarks in French] La femme qui figurines dans cette

vieille photo ressembles peu à celle que vous se trouves devant vous aujourd'hui.

I do not want to talk about how I have changed. Today, I want to talk about how the judiciary I joined that day has changed in the 38 years since I was sworn in as a judge. My takeaway is this: The role of judges and the task of judging has evolved greatly over the past four-odd decades. This evolution has mostly been for the better, but important challenges lie before us.

Before I get into how the judiciary has changed and the challenges we now face, let me digress to explain why this should matter to you, as Canadians. The first reason is legal, more specifically, constitutional. Quite simply, the judiciary is part of Canada's constitutional machinery, the third branch of governance under the Constitution Act of 1982. The Constitution is the foundational document that determines how our governance is organized.

[Remarks in French] Le document fondamental qui établit les bases de l'organisation de notre gouvernance.

It divides the exercise of public power between the legislative branch, parliament in the legislatures; the executive branch, the prime minister, cabinet and the myriad agencies that apply and enforce the law; and the judicial branch, the courts that settle legal disputes and define constitutional boundaries. In short, the judiciary, as a vital part of Canada's constitutional machinery, is key to how we govern ourselves.

The second reason why the judiciary matter is practical. The judiciary is essential to maintain the rule of law and resolve disputes. A society that cannot peacefully resolve it disputes will end in chaos. The judiciary tackles disputes between the state and the accused in criminal cases and dispute between private actors on the civil side. It conducts administrative review when government action or powers are challenged, and it determines constitutional issues. These constitutional issues may involve competing federal and provincia claims to power, rights under the Charter of Rights and Freedoms, and Aboriginal rights under Section 35 of the Constitution Act, 1982.

In addition, governments, seeking answers that provide important guidance to legislators, may refer legal questions t appellate courts in the Supreme Court of Canada. Think of th Reference re Québec Secession, which provided the foundation for the Clarity Act, the Reference re Same-Sex Marriage and the Senate Reference.

I conclude that for legal and practical reasons, a strong, independent judiciary is essential to democratic governance, th rule of law, and just outcomes and disputes crucial and mutually reinforcing values.

On the criminal side, it maintains justice, security and orde in society. On the civil side, it allows economic and social activity to proceed with the assurance that rights and obligation will be enforced. Put simply, an independent judiciary allow us to trust one another. And in the constitutional realm, it is th machinery that ensures that government powers are exercise in accordance with the rule of law and the Constitution.

[Remarks in French] L'appareil qui veille à ce que le

pouvoirs de l'état soient exercés, conformément à la Constitution et doit principe de la primauté de droit.

Against that background, let me tackle my subject, how Canada's judiciary has changed in the last three decades and what challenges it faces. Even as it continues to fulfill these essential roles, the last three decades have seen a virtually complete transformation of Canada's judiciary. In the next few minutes, I would like to highlight just some of the changes that have taken place and indicate the challenges we still face as we move into the future. I am going to focus on five areas: First, the judicial appointment process; second, diversity on the bench; third, judicial education; fourth, judicial governance; and, finally, our ability to respond to current challenges.

Let me start with the appointment process. When I was appointed to the bench, the tap-on-the-shoulder appointment process prevailed. Judges were usually chosen from leading ranks of lawyers. The named candidates generally proved to be good judges, fair and learned in the law. This said, it must be acknowledged that political factors sometimes played a role in the choice of a judge, something that hardly enhanced confidence in the process of appointment.

In recent times, the process for appointing judges has changed. England has adopted a commission system almost entirely divorced from the political process. Change has not proved so easy in Canada, since the Constitution provides that superior court or Section 96 judges are appointed by order in council, that is, by the government. We know how hard it is to change the Canadian Constitution.

Canada has done a workaround on the appointment front. For more than two decades now, governments have committed to choosing judges who are pronounced fit for office by independent councils comprised of judges, lawyers and laypeople, called Judicial Advisory Committees, or JACs, for short. Applicants with a sufficient number of years at the bar apply to become a judge, and they are assessed by these committees, these JACs. The result is the end of the tap-on-the-shoulder system and a more transparent process that gives Canadians the assurance that their judges are fit for office. Provincial schemes follow similar processes.

Still, we face challenges on the appointment front. First, there is a worry in some quarters that excellent candidates may fail to apply, and, therefore, that we will lose great judicial material. Second, due in part to government delay, which has occurred from time to time in constituting the committees, this has caused delay in filling vacancies. This means that sometimes courts do not have enough judges to hear the cases that are brought before them. This, in turn, results in adjournments and delays.

The government is currently working to fill a backlog of outstanding vacancies in courts across the country. My hope for the future is that we will commit to a zero tolerance for vacancies, so that the courts can properly discharge their responsibilities to provide justice to those who seek it.

My second topic is diversity, diversity on the bench.

I was the second woman appointed to the County Court of Vancouver, the first appointed to the Supreme Court of

British Columbia, and the first appointed to the British Columbia Court of Appeal, the third appointed to the Supreme Court of Canada. The benches of the day, when I was first appointed, consisted of almost entirely of middle-aged, white, Anglo-Saxon males—no women, no judges from minority groups, no Indigenous judges. Canadians now expect that courts should, to the extent possible, reflect the make-up of the society they judge for two reasons. First, diverse judges bring diverse perspectives into the courtroom. They bring different experiences to bear and give the judiciary, as a whole, a more nuanced understanding of the country and of the issues. The result is better judging. As I once wrote of women, and I am quoting myself, "We lead different lives. We have no choice." The basic truth is that women and men do, indeed, lead different lives, and, thus, bring different real-life experiences to the task of judging. The same goes for people of minority groups and religions and for our Indigenous citizens. Judges from these communities can provide insights and perspectives that might otherwise be missed, insights and perspectives that are essential to modern justice.

Second, a diverse bench contributes to judicial legitimacy. An Indigenous man facing an all-white court or, for that matter, an all-white jury, a subject on which our court, as well as the courts of this province have opined, may experience the court as an alien institution disconnected from, even indifferent to, his lived reality. He may consequently reject the court's ability or right to judge his case and consider the outcome unfair. The same may apply to a woman facing an all-male courtroom or a person of colour facing an all-white court.

Canada is a democracy, and its courts are not elite establishments. They are the people's courts. They should reflect the people.

***[Remarks in French]* La magistrature doit refléter la population qu'elle sert.**

We have made considerable progress on the diversity front, but there is a ways to go. Only about one-third of Canada's judges are women. We can do better. There is even more work to do in securing Indigenous judges and judges of colour on our courts. Efforts to improve the situation run up against the reality that, until recently, diverse groups were underrepresented in the Canadian legal system, and not many Indigenous people became lawyers. Fortunately, that is changing. I look forward to steadily increasing diversity on Canada's benches. It will only make our legal system stronger.

My third topic and challenge is judicial education. When I became a judge, judicial education was sparse and rudimentary. It was assumed that when one took the judicial oath of office, everything one needed to know to be a good judge descended on one, like a dove from on high.

At some point in my second year of judging, my chief justice suggested I might want to attend a week's course for new judges, rather belatedly. Apart from those five days and the odd conference, I received no formal training in judicial or legal matters or judging, the art and craft of judging. Many of my judicial colleagues did not go to any conferences or cours es at all. Happily, all this has dramatically changed.

Today, each new judge takes new judges training and udges are expected to continue annual training throughout heir careers. Most of this instruction is provided through he National Judicial Institute, which has grown into one of he most respected judicial training centres of the world. The vorld is increasingly complex and constantly changing and so are the law and the craft of judging. Continuing legal education is essential for all of us on the bench to keep up.

Education is not only essential to ensure high-quality udging; it is also crucial to ensure judicial independence. The National Judicial Institute is guided by a board on which udges sit, as well as a CEO who is a judge. For judges to be ndependent and to be perceived as such, the judiciary, not he government or anyone else, must determine the content of judicial education. The state is a party in all criminal cases and many civil cases. If the government controlled the con-ent of judicial education, parties in the public might fear the state has programmed judges in a way that undermine their mpartiality.

One of the most important areas of judicial education is, as already mentioned, social context education. Social con-ext education sensitizes judges to the need to see the world from different perspectives, be they the perspectives of gender, race or social background. Education is not a complete substitute for judicial diversity on the bench, but it helps.

Social context education trains judges in how the world and the legal system may appear to a rural Indigenous youth brought before the court on charges or to a complainant in sexual assault trial who is called as a witness to testify abou the assault.

Sexual assault cases have received particular attentio in recent years. While thousands of sexual assault trials ar conducted each year throughout Canada with sensitivity an justice, no system is perfect, and we have, unfortunatel witnessed a few recent trials that violated the high standard expected of Canadian judges. This is disappointing. Case involving sexual assault allegations are difficult. Judges dea with difficult issues all the time, so I know we can do better. We need to strengthen our efforts to ensure that ever judge who sits on a sexual assault trial is fully trained to d so with sensitivity and respect. Judges must understand tha giving evidence of the private details of a sexual assault ca be enormously difficult for the complainant. They must ensure appropriate procedures to respect and protect the dignit of complainants while maintaining basic Charter protection to the accused. This is not an easy task, but it is absolutel necessary.

The National Judicial Institute has been training judges o these issues for at least two decades, and we have seen attitudes change during that time. We have to keep working at i The judiciary is committed to ensuring that every judge wh sits on a sexual assault trial is equipped to do so in a fair an impartial manner.

Fourth, the judicial governance. When I became a judge courts were modest affairs. Populations were smaller, and i ose pre-electronic and pre-Charter days, procedures were impler. The public was not as educated and articulate as it is ow and, hence, made fewer demands on the judicial system. ocial media and the digitally connected world were not even lips on the horizon. Today, the demands on our court systems re enormous, and running courts is big business. Unfortuately, we may not always have the best business model to llow courts to operate as efficiently and as effectively as they hould. Government funding for the justice system has not lways kept up with demand. The judiciary must make govrnance decisions, how the courts run, for reasons of judicial ndependence, but we have to ensure that the judiciary can do is effectively.

Most Canadian courts interact with the governments that und their operations on what is called an executive model. Vhat this means, in essence, is that the government provides ourthouses staff and equipment, which are then put to use y judges under the guidance of the chief justice. Too often, dges simply have had to make do with inadequate resources.

[Remarks in French] Trop souvent les [juges] doivent ut simplement compose avec de ressources insuffisantes.

Trials are delayed because there are not enough sheriffs and ourt clerks. Computers, electronic equipment and electronic ling systems that could make court processes more efficient nd accessible are often nowhere to be found. Chief justices nd judges struggle to introduce efficiencies, but do not alays succeed. Waste and delay are the result. It is actually xpensive, as every businessperson knows, to be inefficient.

The Canadian Judicial Council has developed alternativ models of court administration, which point the way to bette administration of the courts. Other countries, like Ireland an the United Kingdom, are also turning to more effective models of judicial governance, which promote efficient, judge-le processes based on planning and cooperation with the governments that are responsible for funding the courts. Thes models are working. I believe we need to move in the sam direction in Canada. If we are to maintain and strengthen public confidence in our justice system, we must do this.

Finally: Judicial response to current challenges. The worl in which I became a judge was a quiet world. Change, whe it happened, came slowly and incrementally, allowing the judicial system to adapt gradually without undue stress. Toda our world is changing at an exponential rate and perforce s are the challenges the courts face. Change is our modern reality. An effective judiciary must be able to respond to curren changes and challenges in a prompt, effective way.

One current challenge, and one on which I have often spoken, is access to justice. The courts are not to preserve o the wealthy or big business. Every woman and man, howeve humble, is entitled to find justice within their precincts.

The twin problems that bedevil access to justice are dela and expense. We can cut delay and expense with good governance and sensible procedures proportionate to the matte at hand. Many efforts to help ordinary Canadians access th justice system are currently underway. I applaud all those involved—governments, the bar, scholars and judges—and loo ward to continued progress on the difficult challenge of acs to justice.

A second current challenge is the burgeoning phenomenon elf-represented litigants. When I started my judicial career, -represented litigants were few and far between. Some-, most people seemed to find legal assistance. Today, up to % of cases in some courtrooms involve at least one self-repented litigant. This can increase delay and complicate the of the judge, who must somehow try to bring justice out of ass of unanalyzed allegations, not to mention that the judge ssisting the self-represented litigant may be seen as biased inst the other side.

I believe that self-represented litigants are not going to go ay anytime soon. The only option is to adapt our rules, proures and processes to help untrained people navigate the tem. Many jurisdictions in the United States are now work- hard on doing this. I think we need to follow suit.

The final current challenge I will mention is the challenge lelay in criminal trials. The Charter guarantees the right to tried within a reasonable time, but honouring this guaran- has proved difficult. The modern criminal trial is a long complex affair. When I started judging, a murder trial ht last a week. Now, it is likely to take several months. ctronic documents abound; experts are numerous; Charter tions take time. Intermittent shortages of judges do not p either. Last year, the Supreme Court of Canada issued a ion call for change in R. v. Jordan. It decried the culture complacency that had established itself and the routine violation of the right to be tried within a reasonable time that was the consequence. Prosecutors, lawyers, and judges are responding to this judicial-led call for change. New ideas and proposals for streamlining the system are being implemented. I am confident we will beat the problem of delay in criminal cases. Prompt trials, after all, are good for everyone, for the witnesses and complainants, for the accused, for the victims who seek justice, and they are what our system and our Constitution require.

Let me conclude, the judicial system of today is vastly different from the judicial system in which I began my career as a judge. In my opinion, it is also vastly improved. It is a system of which I am enormously proud.

[Remarks in French] C'est un système dont je suis énormément fier.

Still, in this age of incredible and sometimes exhilarating change, the judicial branch of government dares not rest on its laurels. It must embrace the world in all its complexity and prove that it is capable of delivering justice, real justice, as we move into the future.

Real justice is not an ideal; it is not a dream; it is a goal, and I know that we can achieve it.

Thank you for letting me share these thoughts with you.

[Remarks in French] Merci de m'avoir permis de vous faites partie de ces réflexions.

Note of Appreciation, by Andrea Wood, Senior Vice President, Legal Services, TELUS Past President, Empire Club of Canada

Madam Chief Justice, thank you for your remarks today. The Empire Club has been very privileged to have been able to host you as a speaker three times, I think, in the past few years. Your speech two years ago remains one of the highlights, for me, of my time with the Empire Club. We are grateful to have had the opportunity to host you, again, and to celebrate your contributions to the Canadian system of justice as you approach your retirement next month.

During your 17-year tenure as Chief Justice of Canada, you have tirelessly championed the importance of the judiciary to the rule of law and a just society. You fought to maintain the quality and diversity of judicial appointments, advocated for improved access to legal advice and assistance, addressed the need to reduce delays in our court systems by demanding the resources needed to support the proper administration of justice, and worked to address the special challenges faced by Indigenous people in Canadian society, particularly, within the criminal justice system.

Under your leadership, Canada's Supreme Court remains stalwart in its defence of civil liberties protected by the Canadian Charter of Rights and Freedoms while adapting to social norms, and it became the world's most gender-balanced, national high court today—although you have reminded us of the challenges that we continue to face. Thanks in great part to you and your service, the Canadian justice system continues to b strong and a pillar of Canada's envious democratic traditio Thank you, again, Madam Chief Justice for your remark today, for reminding us of the importance of the judiciary an for your years of service to the Canadian people. Thank yo

Concluding Remarks, by Barbara Jesson

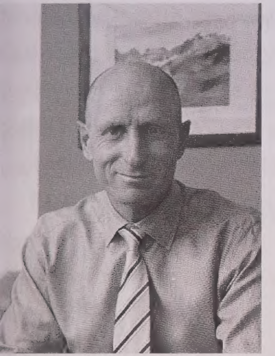
We would like to thank mediaevents.ca, Canada's onlin event space, for webcasting today's event to thousands of viewers around the world. Although our club has been around since 1903, we have moved into the 21st century an are active on social media. Please, follow us on Twitter at @Empire_Club and visit us online at www.empireclub.org.

You can also follow us on Facebook, LinkedIn and Insta gram.

Finally, please, join us at our next event, November 17t with Dominic Barton, Global Managing Director at McKinsey & Company, at the Arcadian Court, and November 20th, with Rachel Notley, Premier of Alberta, at the Royal York Hotel. Thank you for your attendance, today.

This meeting is now adjourned.

The Empire Club Presents



MAYO SCHMIDT, PRESIDENT & CHIEF EXECUTIVE OFFICER, HYDRO ONE

WITH: A NEW ERA FOR HYDRO ONE

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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November 16, 2017

Good afternoon, ladies and gentlemen. From the Royal York Hotel in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting.

Before our distinguished speaker is introduced today, it gives me great pleasure to introduce our Head Table Guests.

I would ask each guest to rise for a brief moment and be seated as your name is called.

I would ask the audience to refrain from applause until everyone has been introduced.

HEAD TABLE

Distinguished Guest Speaker:

Mr. Mayo Schmidt, President and Chief Executive Officer, Hydro One

Guests:

Mr. Anthony Haines, President and Chief Executive Officer, Toronto Hydro
Mr. Faisal Kazi, President and Chief Executive Officer, Siemens Canada
Mr. Michael Kobzar, Director, Ontario Energy Management, Siemens Canada Director, Empire Club of Canada
Mr. Peter Langenhan, President, EPTCON and Co-Chief Executive Officer, Columbus Utility Services
Mr. Jeff Lyash, President and Chief Executive Officer, Ontario Power Generation
Mr. Kirk Morrison, Executive Vice President, Energy and Resources, Stantec
Ms. MJ Perry, PhD Candidate, Theology (University of Toronto); Owner, Mr. Discount Ltd.; Director, Empire Club of Canada
The Honourable Glenn Thibeault, Ontario's Minister of Energy

I am Barbara Jesson, the President of Jesson + Company Communications and the President of the Empire Club o Canada. Ladies and gentlemen, your Head Table Guests.

We have a number of special guests to be recognized fro the podium. Of course, I have already alluded to the fact th the Honourable Glenn Thibeault, Ontario's Minister of Ene gy is with us. Thank you, sir. Chief Ava Hill, of Six Nation of the Grand River is here. Thank you for joining us. Chie Stacey Laforme, of the Mississaugas of New Credit First Nations is here. Thank you all for being with us.

Humanity has a deep and primordial relationship with he and energy. There are many who believe that the control o fire is a source of warmth, and the method of cooking foo marked a turning point in the human evolution. For ancien people, a central fire became, over time, a place to gather an ocialize. It also became a place of ceremony. Over mil-ennia, the hearth evolved as a symbol of the home itself. Our relationship to energy runs deep in the human psyche. t plays an intimate role in family life, and, I think, in part at east, it explains why our modern relationship to our energy roviders can be so complex.

Modern energy companies, such as Hydro One, stand at he very nexus connecting our deepest past and our way into he future. It has become one of our modern myths that the ntercontinental railway was a major force for Canadian na-ion building in the late 19th century. In this province, I think Ontario Hydro played a similar role, propelling our industrial conomy in the 20th century.

Toward the end of the 19th century, Ontario began the hift toward greater industrialization, made possible through n accessible source of inexpensive power, and it made us the owerhouse we are today.

Here, to introduce our guest speaker, who will share with s the future of Hydro One is Mr. Faisal Kazi, President and Chief Executive officer of Siemens Canada.

Introduction, Faisal Kazi, President and Chief Executive Officer, Siemens Canada

Thank you, Barbara. The electrical energy sector around the globe is going through a transformation, which is basically induced by the integration of the renewable energy sources into the grid. Basically, we are changing the model from a unidirectional flow of energy and centralized generation to a model where the energy generation is distributed, and the energy flow is multidirectional.

In Germany, we call this introduction of the renewable sources and the change in the model of the grid as the 'energiewende' or the 'energy transition'. My company, Siemens, being a German global company, has participated in all energy transition projects around the world, and especially the one in Germany. One thing we could say, clearly, is that it is a great thing to do because it makes the energy sector green and, not only for us, for our generations, but for the generations to come.

On the other hand, based on our first-hand experiences of energy-transition projects around the world, we also see that these projects bring with them a lot of challenges, the first one being balancing demand and supply of energy. This is because the renewable energy sources, which are induced into the system are inherently not as reliable as the conventional energy sources which we have been used to, like nuclear hydro and coal.

Secondly, there is an issue and there is a challenge of managing peak demand. We all know peak power is expensive, and, living in Ontario, we have all heard about the global adjustment. The bigger challenge, which I feel and which we have seen, is about ensuring the resiliency, the availability and the reliability of the grid, considering that the grid which we have today was not designed to have distributed energy generation and, for sure, not designed to have a multidirectional flow of energy.

Secondly, the grid, which we have today, especially, in North America, is a very aging grid. It needs to be upgraded, especially, on the distribution side. Then, finally, on top of that, we have seen over the last five to six years that weather-related events, like hurricanes, et cetera, are increasing tremendously in frequency.

These are all challenges, which the industry, the electrical energy industry, needs to manage, and especially the utilities. The utilities of the future need to become more agile. There has to be new business models to introduce the new technologies, et cetera.

Today, it is my pleasure and honour to introduce the President and CEO of Hydro One, Mayo Schmidt. He is going to talk about how he is transforming this utility into the utility of the future.

Mayo joined Hydro One in 2015 as President and CEO. He has already demonstrated a clear vision of growth and opportunity for his company. Under his leadership, he has transformed, within this short period of time, a purely public-owned utility into one of the leading investor-owned utilities in North America. That is a big step, achieved at a high speed.

Prior to joining Hydro One, Mayo was the President and CEO at Viterra, Inc. It is a global leader in food ingredients and trading, and it is a processing company. Mayo grew this company to become a truly global leader with operations in 14 countries and, I understand, a supply chain in more than 50 countries. This company was originally from Alberta, in the west of Canada, and now it is a true market leader.

Last year, also, the Ontario Energy Association named Mayo the Energy Leader of the Year. He is a graduate from Washburn University where he holds his BBA degree and an Honorary Doctorate of Commerce. Mayo sits on Agrium's board of directors and chairs the Governance Committee. He is a member of Harvard's Private and Public, Scientific, Academic and Consumer Food Policy Group as well Washburn University's Foundation Board of Trustees.

Before you help me welcome Mayo on the stage, I would like to show you a small video clip, which Mayo has brought with himself. This shows the history of Hydro One, but it also showcases the future direction of his company.

[VIDEO]

Ladies and gentlemen, please, help me to welcome Mayo Schmidt, President and CEO of Hydro One.

Mayo Schmidt

Thank you very much for joining us today. What a pleaure it is to be here. Thanks for enjoying the purpose film, The Possibility with Hydro One." The employees got toether and put this video together, so you know where their earts and minds are.

It is really a pleasure to be here with you, today. As I look t Sir Adam Beck, the founder of Hydro One, I think about is comment, "Nothing is too visionary." He was talking bout harnessing that power of the mighty Niagara River and ringing affordable power to the population, to homes and usinesses across this great province. He also recommended he establishment of a publicly owned distribution system. The province established a Hydro-Electric Commission of Ontario in 1906, and they began delivering power to this rovince and towns in October of 1910.

When we think about World War I, about 59,000 customrs were connected to our grid. Today, that number is over 3 million people in this province, which is twice the size of pain. We are seeing a rebirth of technology and will accelrate energy delivery into the new century. Hydro One has n intention to remain at the forefront of that movement. We re going to continue with Beck's passion and hold that viion for the future to innovate and modernize the system and rid, which we have a great responsibility for, and we will do hat with the same communities with the heart and the vision hat Sir Adam Beck did.

Think about Hydro One: We power Saturday games and

Sunday dinners; the corner grocery store and the CN Tower; the power places where we heal; the hospitals; places of worship; and arenas and stadiums, where we play. We also think about the dreams that are born and the leaders that are made from the availability of power. Today, we see Hydro One as not only built to last, but built to change. The Hydro One of today aspires to be more thoughtful, more caring, more committed to customer organization. We are the fourth largest IPO now in Canadian history and a company that remains committed to the people of this province, and it remains in the hands of the people.

When Hydro One became publicly traded, some said it would not work. But it has, and there is a remarkable story to tell. Privatization has made it possible for us to enact powerful changes at Hydro One, changes that have made an even bigger goal possible. That is becoming a leading utility in North America. In the last two years, as an organization, we have taken great strides in doing just that.

We built a new leadership team defined by experience, diversity, talent, and a deep personal desire to serve the people, the team that has established a discipline and a focus and a determination to stretch beyond the traditional boundaries of our history while respecting our heritage. Some of the teams are here today. If I might, I would like to ask the team, if you would, please, stand for just a moment to share the arena with the guests, please. This is Hydro One.

These are many of the members that I have to thank for such a great video that I think suggests the personality and the traits of this fine organization as we intend to be and the person we intend to be going forward.

At the end of each of our wires, there is a person. It could be a student pulling an all-nighter before a big exam; it could be a parent teaching their child to skate; it could be a business owner that is servicing customers. For us, being customer-focused is more than about rhetoric; it is all about action and advocacy, and it is woven into the things that we do and the team that we aspire to be. We are just getting started. I can tell you, I am very proud to be part of this transformation of this organization.

I arrived in Toronto in the fall of 2015 after accepting the current role at Hydro One. I knew that, historically, Hydro One had been perceived as a challenging place to do business. As a result, I expected less than a warm welcome. I can say it has been anything but that. I think about how the level of collaboration of my peers and staff has been extraordinary, and, even today, here in this hall, I would like to just mention a couple of those individuals. I think about the level of collaboration and the integration of the system, and I think about Jeff Lyash, who is the Chief Executive Officer and President of Ontario Power Generation, responsible for a fleet of 116 power plants and our nuclear fleet. And I think about Anthony Haines, the Chief Executive Officer of Toronto Hydro, who immediately reached out to myself and said, "We welcome you to the community and introduce you to the energy network." I do not think there could be three individuals that are more interconnected than the three of us, considering that our wires run into the nuclear power plant and run right into Anthony's backyard as he powers the City of Toronto and the responsibilities that come with that, and the work, the collaboration and the effort we have come together with on cybersecurity, innovation and many, many other facets that are going to be important as we determine how our organizations prepare for our future collectively, together, representing this great province, which I know is also the financial centre of Canada. That is a great responsibility that we share together, and we work on these things collaboratively.

Together, along with our industry counterparts, the local distribution companies, regulators, policymakers, our Indigenous leaders that are here with us today, the unions, the generators, the contractors and the suppliers, we can champion positive change, and I think we can find unique ways to create value for the communities in which we live.

I want to thank you all, particularly, as I think about Jeff Anthony and others in the room that have welcomed myself into the community.

Let me look back a little bit in time, a time with Viterra, which was mentioned earlier and was known before as the Saskatchewan Wheat Pool. And many people that have grown up in Canada would know about the Prairie pools that settled the western prairies. I went to Viterra at a time when it was broken financially, broken operationally, and broken in spirit. Many of my peers and mentors knew the circumstances and said, "Mayo, why would you consider leaving General Mills, where you have a good career going, and you have a rrific opportunity here?" I had to reflect on this question eeply. Then, I thought about my beliefs, since I was a little ay, and I thought about leading a unique and exciting life, hich has always been in my heart. I knew it was important act on that belief and continue to contribute in a meaningful ay at any opportunity.

Certainly, I have always been drawn to hard tasks, I know, I think about my training; competitions in some extreme orts, 14 ironman triathlons and 100-mile cycling races; ossing Africa off-road on a motorcycle and, of course, I ight mention raising my two daughters. My daughters will member a time living in Regina, when the restructuring of e Saskatchewan Wheat Pool was going on. It felt like we d it together because they were always there with me often, ter school in my office, and at dinners at night and dinners en with the global CEOs that came in to have conversations ith us and accommodated them to spend time with us in the enings, and at home when I helped with their homework, d certainly made their meals. Raising two daughters while structuring a historic heritage company was no easy task, ut, certainly, the results and benefits of it have been tremenous. I am certainly proud of my daughters and the people my ughters have become. They, too, are driven by hard tasks d are incredibly business-minded, while they also underand the importance of putting people first. They believe in rvice, hard work, and family. In fact, one of them happens be in the room with me. I acknowledge my daughter, Grier, ght over here. Many of you know another gentleman named

Ed Clark, former CEO of TD Bank. During the darkest days and the fires of restructuring of Saskatchewan Wheat Pool, Ed was an individual, a leader, that stood by us in a time, and allowed us the time, as one of our lead banks, to restructure, to rebuild an operational powerhouse in a market-leading dominant position in multiple countries, including at 50% market share in Canada.

Interesting story: Following the financial successful restructuring in the year of 2005, in a most effective consolidation of the Canadian agriculture and food ingredients market in 2006, Ed invited me over for lunch. He said, "Mayo, I am providing you with our full support to continue to grow your business. You and your team have done everything you said you would do through years of financial restructuring, even when hampered by years of draught. Now, go build Viterra to become a great Canadian company."

Ed was a remarkable strategist and has also been the architect behind the bold and brilliant move to lead Hydro One's 2015 IPO and the opportunity to unlock the full potential of one of Canada's oldest and historic companies. In his wisdom, Ed designed a governance agreement to position the company for future success, an agreement that states the province will be a shareholder and a manager of the business. And by the leadership of our Minister of Energy, he has been an outstanding leader in that way, has been very strong in support of the organization to find its commercial footing and to do the things necessary to rebuild the enterprise to the position of strength.

The sale of Hydro One also unlocks $9 billion of infratructure capital for this province. It allows the province to build new industries while ownership largely remains in the hands of the public in Ontario.

When I started at Hydro One two years ago, one of our irst initiatives was to advocate with the government for a ate relief on behalf of our customers. The result was the Fair Hydro Plan. Legislation has seen electricity bills reduced for he average Hydro One customer by 31%. That is a savings of about $600 per household over the course of a year. If you ook at our five-year distribution rate filing, that equates to $3,000 over that five years for our customers. To our customers, that is a real impact.

As well, at the time, I wrote a letter to our customers introducing myself to them, talked about our vision for the future and the impact our commitments would have on each of our customers. My intention was to build connections with the people that we serve, who depend on us for power, and to how them we are not the same Hydro One they had experienced in the past.

Then, the team and I arrived at the call centre very early one morning. We took to the phones. We were there for 12 hours. We had invited all of our customers to dial in and peak directly with us. We took hundreds of calls. The calls were heartwarming, and they were heartbreaking, from new ives, started new homes, to citizens of all ages experiencing inancial distress, from rising costs from all aspects of their ives. After the call centre day, we began to receive feedback from our customers. Some was positive; some was negative; some was neutral, but it was all feedback.

There is one letter that I keep on my desk, today, and reflect on often, and it certainly pulls on my heartstrings because it reminds me of exactly why we are in business and the purpose that we, as an organization, as people, serve.

I had received a handwritten letter from Mrs. Kale. Mrs. Kale is an 89-year-old woman who lives alone on a very modest, fixed income. In her letter, she shared that with the cost reductions that would now be available, she could do more baking. She told me in her writing that her specialty was butter tarts. I sent her back a handwritten note and thanked her for her letter. Before I sent the note back, I also called my 85-year-old mother so that we could get butter tart ingredients for Mrs. Kale. Next, with a bag of baking ingredients, we paid Mrs. Kale a visit in her community. Mrs. Kale is a very tiny, very energetic woman who lives in a tidy, little house tha smells of strong vanilla.

After our visit, Mrs. Kale sent us a thank-you note for the supplies. This time, she also sent us butter tarts. They were amazing, and they went very quickly.

The butter tarts arrived in Tupperware containers, as you can imagine—picture mismatched lids that she has probably had since the '60s. She then politely asked our team after we enjoyed her butter tarts whether we could please return her containers. Of course, the team pulled together very quickly in the office and said of course. At the end, to address the issue of mismatched lids, we then went out and procured quite number of new Tupperware containers to provide to Mrs. ale.

At the end of every wire, there is a Mrs. Kale that counts n us to deliver electricity seven days a week, 365 days a ear. Certainly, we are not naïve about the challenges that e face today. We know that the relationship behind Hydro ne and its customers has been strained in the past, and we re certainly determined to better serve our customers now nd in the future. We believe this can only be done through eaningful action and advocacy. We have the power in our ands to make life easier, better, healthier, more efficient and ore enjoyable. We can make things run, and we can help deas grow. We are driven to align our commercial success ith customer success.

The winter of my arrival to Ontario, the first challenge that was faced with was understanding the hardship some of our ustomers were facing on paying hydro bills. I learned there ere tens of thousands of disconnections in this province ach year. A family without power, without service, no doubt aces many challenges. We realize that we have the power nd the responsibility to turn on the lights, not just turn them ff. We decided to do just that.

We reached out by phone, by letter, to everyone in our sys- em that had no electricity. We could not reach some cus- omers. We went and sent our team to knock on their doors. hat was the beginning of our Winter Relief Program. When e reconnected their power, our teams also worked with the amilies to set up manageable payment plans that fit within their budgets. As a result, our customer accounts that were more than 90 days overdue declined by 15%; disconnection volumes were down by 68%; and our accounts receivable have declined year over year by 25% to the lowest level in our history.

This is where social responsibility meets the positive economics of running a business. The impact of the Winter Relief Program reaches far beyond the bottom line. We improved goodwill with our customers and shifted the public perception about Hydro One to a degree. I can tell you without reservation that turning the power back on for every family in need has such a significant personal and professional impact on my life as well as the lives of our teams that were responsible to, in fact, turn that power back on.

Just last month, a full month after establishing the Winter Relief Program, the Ontario Energy Board announced that all energy companies in this province would be mandated to follow Hydro One's lead and reconnect the power for vulnerable individuals and families this winter. We are all connected. These initiatives have an impact on all of us in the province, and I wish to thank all of my industry counterparts for their stand behind these necessary policy changes.

We have met with our customers, our shareholders, our key policymakers, influencers and our Indigenous communities. We do share the belief that building and maintaining positive and mutually beneficial relationships, along with partners with our First Nations community is not just a matter of good business; it is the right thing to do. We also believe

at by listening to our customers and acting on their needs
ith flexibility and consideration will take us further. We
ave empowered our employees, all our employees to build
ose relationships. Together, we must make the impossible,
ossible, not just for the customer, but for Hydro One, for
e province and for Canada. The story, like Hydro One,
ontinues to grow.

This past July, we marked a major milestone in the jour-
ey to becoming a leading utility in North America. On July
9th, in 2017, Hydro One and Avista jointly announced the
ansaction where Hydro One will acquire Avista in a $6.7
llion, all-cash transaction, an historical transaction for both
ompanies.

Avista is a market leader in the Pacific Northwest in the
nited States with operations in five western states, now for
29 years. They are known for innovation, their dominant
arket position and leadership and customer advocacy. In
ct, their community contributions are more than double
at of any peers in the industry and so are its successes.

The transaction has been well received from the market
nd the rating agencies. We used a Canadian bought deal
ubscription receipt program, and, in less than 24 hours, we
ised $1.5 billion, which was more than two times oversub-
ribed.

Standard & Poor's reviewed, in detail, our financial po-
tion relating to the transaction, our financing plan, our
pproach. They confirmed an A-category rating following
e transaction. This deal has brought together two leading

industry-regulated utilities with over 230 years of collectiv operational experience to form a diversified North American utility leader with a considerable enterprise value. Wit this deal, we have established one of North America's top 2 regulated utilities with assets of approximately $34.5 billio Together, we intend to deliver long-term value and become leader in the regulated electricity transmission and distribution businesses as well as, now, gas distribution and renewabl generation businesses.

I cannot stress enough that customer rates will not be impacted by any cost associated with this transaction. Avist being pursued by many Canadian and U.S. parties, had man choices. They chose Hydro One.

Hydro One has made a dramatic change in the way w approach and operate our businesses. Avista also did the research. They researched Hydro One. They looked at o Canadian, Ontarian peers and their histories. They looked the ethos in the fit of their historic company with the Ontari companies. Many of those companies are here in the roo today, as I have mentioned.

Avista shared our commitment to our communities and aligned with our balance between commercial business an social responsibility. They saw value in sharing our collectiv interest in innovation. The combined entity of Hydro One an Avista will serve more than two million retail and industri customers and will hold assets throughout North America, th Pacific Northwest, which will include Ontario, Washingto Oregon, Idaho, Montana and Alaska. Put simply, this acqu tion is a strategic positioning of Hydro One in a growing gion that is ready for consolidation, creating a diversified merican market influencer, which we believe is a bold step yond our traditional borders.

When we say 'turn on the power of possibility', that represents a shared commitment to building for the future. As ganizations, we have opened the door for all Ontario utilities join together in our efforts. We believe, together, we are ronger. We are the collective future of power in this province. Together, we are able to compete with U.S. market leads for service and market share, while at home work to reduce ergy poverty and to bring every one of us into the light. Our ans for the new Hydro One is bold and achievable, and we ve the skilled teams on board to accomplish these objectives we move forward with our four strategic priorities and they e clear customer focus, operational excellence, innovation, d growth.

This is an exciting time for Canadian utilities. It is a time at will redefine who we are and what we can accomplish gether. As with much of life, windows of opportunity open, d they close. I believe that, after deep thought and analysis, e diligence, and planning, we must act on those beliefs.

The utility sector in North America is consolidating at a pid rate unseen before in the history of this industry. Instry leaders of today will become the consolidators of toorrow. As consolidation continues at this rapid pace, we pect to see organizations of $100 billion in enterprise value mpeting in our sector in the coming years.

We expect to see unique future growth opportunities to create scale, diversity and strength.

Today, at home, we have much work to do seeking greater collaboration between policymakers, generators, regulators, distributors and transmitters seeking common ground. We must seek to lead through continued modernization of both the regulated system, customer service and commercial practices. This is why the only way we see in ensuring sustainable value creation is with our customers, with our shareholders and with the province as allies, because we are stronger. I believe that the value creation in this opportunity is beyond compelling. We do power the future together, and we follow Adam Beck's quest: Nothing is too visionary.

This is a new era at Hydro One for us, together, and this is really only the beginning. With myself, my colleagues in the industry, we believe the best is yet to come. I thank you for your time today and your attention. It has been remarkable spending this afternoon with you. Thank you.

Note of Appreciation, by Michael Kobzar, Energy Management, Siemens Canada Director, Empire Club of Canada

Thank you, Barbara. I am sure, for most of you, this is probably the first time that you have heard and seen Mayo, and only now you are putting together your first impressions. I have to say, the very first time I met Mayo, I was really uite surprised at what a warm, calm, gentry person he was. suppose I was surprised because I knew this is a man who as taken a new role that has got an ocean of challenges. It is large, complex organization. You have to manage your way round the OEB and the IESO. You have shareholders now, 0-some-odd utilities that you need to supply power to, lots f employees, labour unions, a million kilometres of wires. thought all these things would, perhaps, harden somebody, ut, no, he manages with a very calm and steady hand, as ou have seen today, which is obviously the mark of a very ccomplished leader.

There are a couple of things I heard in your talk. It is a urn of phrase. I wrote this down. Excuse me for reading it ere, but it says, "At the end of each of our wires is a person." thought that was a very profound and admirable way to look t the responsibilities that you inherited in this role. The othr thing I loved was your call centre day. I mean, what an ncredible demonstration of leadership to get on the phones nd talk to your customers. I did find out, through reading ther biographies—and this was not mentioned earlier—a lite-known fact about Mayo: He was a football player. In fact, e was a Miami Dolphin for three years. I have great difficuly actually imagining that about Mayo.

On behalf of the Empire Club of Canada and everybody ere, thank you very much for your insightful talk.

Thank you.

Concluding Remarks, by Barbara Jesson

A sincere thank you to our generous sponsors, Siemens Canada, Stantec and Columbus Utility for making this event possible. Without sponsors like these great companies, Empire Club lunches like this would not be possible. Thank you, once again, for your very generous support.

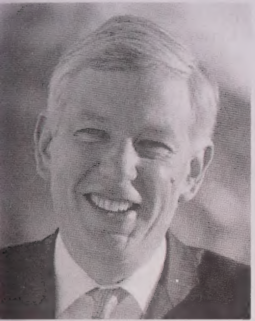
We would also like to thank mediaevents.ca, Canada's on-line event space, for webcasting today's event for thousands of viewers around the world. Although our club has been around since 1903, we have moved into the 21st century and are active on social media. Please, follow us on Twitter @ Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram.

Finally, please, join us again soon at our next event, November 17th, which is tomorrow, with Dominic Barton, Global Managing Director at McKinsey & Company, at the Arcadian Court. And join us on November 20th, with Rache Notley, Premier of Alberta, at the Royal York Hotel.

Thank you for your attendance, today.

This meeting is now adjourned.

The Empire Club Presents



DOMINIC BARTON,
GLOBAL MANAGING PARTNER OF MCKINSEY & COMPANY

WITH: THE CANADIAN GROWTH AGENDA: A PRESCRIPTION FOR CANADA'S LONG-TERM ECONOMIC GROWTH

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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November 17, 2017

Good afternoon, ladies and gentlemen. From the Arcadian Court in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting. Before our distinguished speaker is introduced today, it gives me great pleasure to introduce our Head Table Guests. I would ask each guest to rise for a brief moment and be seated as your name is called. I would ask the audience to refrain from applauding until all of the Head Table Guests have been introduced.

HEAD TABLE

Distinguished Guest Speaker:

Mr. Dominic Barton, Global Managing Partner, McKinsey & Company

Guests:

Ms. Nancy Barber, Vice President, Program Management – Global 7000/8000 Program, Bombardier Business Aircraft

Ms. Megan Boyle, Director, Public Affairs, Red Bull Canada; Director, Empire Club of Canada

Mr. Victor Dodig, President and Chief Executive Officer, CIBC

Mr. Jim Goetz, President, Canadian Beverage Association

Mr. Chris Halyk, Chief Executive Officer, Janssen

Mr. Naheed Kurji, President and Chief Executive Officer, Cyclica Inc.

Mr. Colin Lynch, Senior Vice President, Strategy and Growth, Greystone Managed Investments Inc.; Director, Empire Club of Canada

Mr. Stefan Schmidt, Senior Director, Engineering & Methods, Bombardier Business Aircraft

Mr. Harry Seymour, Past President, Empire Club of Canada

I am Barbara Jesson, the President of Jesson + Company Communications and the President of the Empire Club o Canada. Ladies and gentlemen, your Head Table.

In a world where the term 'consultant' is sometime a euphemism for looking for work, our guest, today, stand at the very pinnacle of professional excellence. I think w frequently forget that the service sector in which his busines plays such a seminal role currently represents about 71% o Canadian GDP. The point I am making is that our econom has seen a dramatic shift from natural resources and manufacturing, and the evolution in the sources of our productivit continues. Despite this, most people in Canada, I think, continue to believe that our biggest opportunities for develo ent lie in manufacturing in the high-tech industries and our atural resources. Both, of course, are critically important, ut it is something of a mystery to me that we continue to easure success and innovation only in patents or funding for ard science and technology.

Many countries in the world are making considerable rogress into innovation in the service sector, changing their pproach to create balance between technology, R&D and ervice innovation. Today, I hope to learn from our guest peaker, who is a leader at the very highest echelons of the ervice sector and a key advisor to our government, some of is thoughts on how Canada's service economy can innovate nd evolve for future growth.

Here to introduce our guest speaker is Mr. Victor Dodig, resident and Chief Executive Officer of CIBC.

Introduction, Faisal Kazi, President and Chief Executive Officer, Siemens Canada

Thank you, Barbara. Welcome, everyone, to the lunch. Velcome, Dominic, to Toronto. It is a real privilege and honur, personally, to be introducing Dominic. I have known him r almost 25 years. Coming out of business school, just beore I graduated, I was interviewing at McKinsey & Compay and coming up from Harvard Business School, and I said want this job at McKinsey. McKinsey required unanimity om everyone that interviews you to say you are in.

I met Dominic. Dominic is unique. He is unorthod in his thinking. He is incredibly intelligent and incredib self-effacing. I recall the interview. He asked, "Why do y want this job?" He almost threw me off my feet. He has th way about him to make people think in a different way. is something that I have admired about you for a long, lo time. It has been a consistent theme of yours, this ability contribute and this ability to care. While I never worked on study with you, together, you always, while I was there—a I was only there for three years, but they paint you with t McKinsey brush for the rest of your life, which is a go thing—you would always pop in and say, "How is it goin What can I help you with? What are you trying to sol for?" That is the type of person that you are. You are a ca ing, intelligent individual. I see you as Canada's gift to t world and a great patriot of Canada. We do not use the ter 'patriot' enough in our country. It is in our national anthe He is a patriot. He is an economic patriot. He cares deep about our country. He has, obviously, done well in life. H is highly educated, a Rhodes Scholar.

He joined McKinsey over 30 years ago. I think his n table accomplishment since when it was not in vogue is th he went to Asia; he went to Korea; and he went to China an built McKinsey's practice up into a significant force in th part of the world, which is now noted by everyone, as h is the Global Managing Partner of the firm, and, I guess, some point soon, you have to step down.

The only thing with the McKinsey election process f

global managing partners is that it is probably almost as se-
retive as the papacy in terms of who might it be. Four peo-
le were mentioned in the Financial Times recently. I will
ot go there. I know one of them because I used to work with
ne of them when I was there, and it is a very smart person
s well.

I think when it comes to patriotism, Dominic has surely
hown his stripes here for Canada in agreeing to chair the
overnment's Advisory Council on Economic Growth. It is
omething that we all need to be thinking about. How do
ve take the family business of what we have been endowed
vith, the natural resources of the past and look to the future
nd the reshaping of technology and trade and open borders?
And how do we make Canada stand not only as a political
eacon in the world, but an economic beacon in the world?
There is no better person to address that topic, today, than my
riend, Dominic Barton, who is both a capitalist and a human
vith a social conscience. I think you will see all of that come
hrough and the necessary patience to build the country that
ve want as he talks about the long term. Welcome to Toron-
o, Dominic.

Dominic Barton

I think we are done. Victor, you were so wonderful. You could see one of my many mistakes was not being able to retain Victor in McKinsey. It was very difficult to try and hire him because there were so many people that wanted him, and then to retain him. It is an honour to be introduced by you.

It is wonderful to be here. What I was planning to do is speak for 20 minutes or so. Unfortunately, I have some slides, so I apologize for that up front, but that is just the way I try to make sure I am on message with communication just in terms of where we are. And then, if there is time, I will answer any questions and listen to your input. I also want to recognize my Growth Council colleague: Ilse, if you could stand up. I know you do not like to. Ilse is here as well. She is just like the rest of the team. It is an amazing team, and she has been pretty intense, I guess I would say, for the last 18 months or so, but there has been just a commitment to try and find ideas and to leverage the great ideas that are already out there to move it forward. Ilse will throw a glass at me if I go off piece on this or intervene, or I may ask her to.

I just wanted to go through this fairly quickly, but the bottom line is what Victor was saying about how we have this incredible endowment in terms of our resources and our talent, and, considering the size of the country that we are and our positioning in the world, literally, geographically, we better use it or lose it. We are going to have to do some things that cannot be done overnight to be able to position ourselves to do that. What we have focused on is some of the long-term shifts that we can do to ensure that, in a sense, this is Canada's century as we go ahead. We can do it because we have got all the ingredients. My thought experiment, personally, which I always do since living in Korea, is imagine if Korea owned Canada what they would do with it. What that country has done with practically nothing is unbelievable.

If we just put a bit of that ambition into the system, I think we could really move the needle.

Just three quick parts for the context. I do not want to spend a lot of time on that because I think you know better than I do the recommendations to date, and then what we are literally working on right now is the next wave of them. We are basically focusing on business investment and skilling, which we think are two critical topics. I will probably spend more time on this one than the previous ones just because of the complexity of it and so forth. We will take you through the findings on that. I think, again, we have many strengths. I am not going to walk through them.

In terms of the challenges, there is one in particular I want to point to, which is around the aging population. This is the one that worries us the most, the demographics, because we have been blessed for the last 50 years with a fairly young population, with women coming into the workforce, with immigration. That tailwind is now becoming a headwind as we look at the next 50 years.

Then, we have a fundamental productivity challenge that we have had for quite some time. I think there are some excuses we can use in that we are a small population spread across a wide geography. In today's world with technology, we cannot use that excuse anymore. There are some things we need to think about on that front. For the most part, we are incredibly blessed with what we have got to be able to win, we think, in this new world.

The challenge, just to put it out there, is, again, the aging population. Productivity growth really comes from labour force participation and the productivity of that labour force. We always underplay the importance of the size of the labour force. That has been a big chunk of what we have seen in terms of our productivity growth over the last 50 years. We are going to see a very significant drop if we do not do anything. We have got a headwind coming our way, which is imperative. The problem with these headwinds is they do not come overnight. It is a bit like the boiling frog. It is hard, politically, to deal with that because it can be someone else's problem all the time. We can kick this can down the road. The problem is if we do that for too long, we are going to really hit a wall.

Just to put ourselves in comparison, we always think about Japan and Korea and all of these parts. Japan has already gone over the cliff. They are already dealing with this. If you think about our peer group countries that are out here, we are going to be more affected than anyone else that is out there. If you look at France, Germany, this is a particularly difficult issue for us as we go through it. Again, another way to look at it is working age to retired Canadians. Just look at those ratios, 7:1, 4:1, 2:1. That is not viable.

Hopefully, with automation, there is going to be some strengths that we are going to get benefits from that, but having workforce participation is something that is going to be very important as we go through it.

With the technology shift that is going on, I am actually not a luddite. I actually feel positive about the new jobs that will be created. What we are worried about on the Council, and this is an area that Ilse and Michael Sabia have been really pushing hard on, is are our educational systems ready for the scale and the speed with which we are going to have to retool ourselves? It is particularly for mature people, if I might say so. It is a polite way of saying 'older people'. This is not just going to be about the young people coming through the system; it is the 40-year-olds to 55-year-olds. This is going to be happening around the world. Some people are beginning to experiment, but we do not think anyone has really addressed this. It is an order of like what pension reform was over 100 years ago, the idea that maybe you need to support people after they stop working. We are going to need something of that size to deal with it.

We also, as we looked at our diagnostic, if you will, about where Canada is based on a lot of work from others. We did spend a bit of time looking at where the tailwinds or the shifts are that are going on. Victor mentioned that Asia is a very big source of growth and opportunity for Canada, and we are not participating anywhere near how we should on that side. This is going to be net-net very, very good for Canada.

The technology disruption. We are all technology companies now. This is going to increase over time. We already think it is significant now, but, I think, as Larry Summers says, we are in chapter one of a 100-chapter book. For those of you who think about this a lot, I would say chapter one has been pretty exciting. Wait until we see where it moves. This is what I think is the single biggest force that is out there, the aging population. This is very significant for us, but also for the world as we go through it. Then, this notion of people searching for a new societal deal is a bit of a combination of these forces. There are a lot of people that are not benefiting. In fact, they are losing from all of these shifts and transitions that are going on, and they do not quite know why, but they are not happy about it. This is where we are seeing the populism and so forth. The trends are with all of these shifts that will get worse before it gets better unless we deal with it. As far as I can see, we cannot. There is no one who is accountable for doing that. We cannot sort of say, "Government, that is your problem." It is a multilateral problem. We all have a role to play in that. If we do not fix that system properly, we are all going to pay the price of it. I do not think we have a lot of time on that front. Those are some of the forces that informed us as we looked at what we are doing.

Again, in terms of opportunities, we are going to have $20 trillion of annual consumption, primarily from Asia, by 2030. Just to satisfy those consumers on basic consumer needs, you are going to have to build 73 Procter & Gambles just in that region to do it. This is a very big opportunity. Whether you are participating in that market or supplying it, it is going to be critical to what you do. Natural resources, while we think about our services and the technology which we think are critical, let us not lose sight of the fact that we actually are endowed with very important natural resources for the future, especially, in agri-food, which has been an area we have been focused on. There is that PwC statistic that over the next 30 years, we are going to have to basically produce as much food as we have produced over the last 10,000 years combined. That is just to give you a sense of the scale of what we have to do. Having safe, high-quality food protein is going to be a very, very important business. It is surprising to me there is not a single Canadian company that is a global champion in that sector. The Netherlands has more than we have ever had in that sector. This is an area where I think it is an opportunity for us, like in many of the other places.

Education. This, we think, is going to become one of the biggest actual businesses, over time, given all the changes that are going on. I always remind people, again, for Australia, education, primarily post-secondary education, is their third largest export.

In terms of tourism, there are 110 million outbound travelers from China. When you actually look at the statistics on what people like, where they want to go, one of the top two places in the world, all the time, is Canada, but they are not participating like they could. I think it is, again, big business opportunities. Then, technology and innovation.

What we try to do is, again, when we are thinking about the ideas, just inform ourselves on where, if you will, the opportunity pools are for our country. We set a target. We wanted to improve median household incomes by $15,000 a year above the trendline. We used this just because we do not just want to throw around ideas. We want to have some target. We looked at a lot of other reports that had been done and there is some amazing thinking. One, in particular—remember, Ilse?—we looked at was a Porter Commission work that was done, I think, in 1992. And it had just really big insights and views. One of the challenges, I think, is that there were so many recommendations, like 350. It is difficult to absorb that. We were saying let us set a target and force ourselves to prioritize on a few that are going to actually move the dial. We wanted it also to be inclusive. This is something that Bill Morneau really hammered on us. He said it is very easy to get GDP growth and have that just go to the top 1%. We are not that interested in that. We want that, too, but we make sure the median income also sees that.

We decided in our group early on we wanted to have basically less than 12. We thought there was no rhyme or reason; we just thought a dozen is a good number, but we did not want to have anymore than that, to just focus the prioritization through it. We wanted to focus as much as we can on the implementation. How could we get the government or other people to digest this? That became part of the focus of it.

Then, we thought we should—this is really a Mark-Wiseman view—release the recommendations in waves, like hockey cards. There is this notion or attitude of "Let us absorb them and then see what happens and learn as we go through," and, again, we are drawing on a huge amount of really good thinking that is already out there. We are not trying to reinvent the wheel. That was kind of the approach that we were taking.

Let me just go through. There are eight recommendations that we have put in, and we are not doing our last two buckets. I do not know whether it will end up being three or five within that, but these are the first eight. One is the Infrastructure Bank and strategy. This was mainly driven by two reasons. One is we have about a $500 billion infrastructure gap in Canada when you think about our port facilities, our rail capacity, our pipelines, our technology infrastructure, the digital platforms that we need out there. We know that infrastructure is one of the single most powerful ways to drive productivity in a country in the short term and the long term. We have a lot of amazing pension funds, but they are investing a lot more in places like Chile, Brazil, Australia and the UK and not here. How can we leverage more private capital to go after that $500 billion bogey? That was one. That, now that the legislation went through, is the first infrastructure bank in the world. I commend the government, actually, in pushing that through because, politically, that is difficult when you have governments that like to do infrastructure because it is helpful in politics where you build certain facilities. We are trying to say there has to be some independence to this. We need infrastructure that is going to drive productivity, not vote-getting in the system. According to an

FDI agency, Canada, compared to our peers, is punching wa below its weight in terms of being a place where people lik to invest and come in as foreigners, mainly because peopl do not know what it is they can invest in; they do not kno who to go to; it is complicated with the provinces; and w think there is a very significant opportunity. This is not abou foreign capital coming in to take over Canadian companies It is actually about investing in Canadian companies, abou investing in startups, about investing in R&D that is going o in universities. It is the broadest range of investment.

Immigration. This is one we felt very strongly about. W felt that we needed to make it much easier for high-skille talent to come in. It is too painful for a lot of corporates i Canada to be able to get the talent that they want. A lot o people decide on where they set up headquarters by how eas it is to do it. Obviously, with what is going on in the U.S. we have an advantage that we should lever on that side. W are also pretty aggressive in terms of we wanted to crank u the economic immigration from 300,000 to 450,000 over five-year period because we think we are going to need mor workforce participation through it.

Innovation was a very significant part of our last set o recommendations. There were a bunch of pieces on this. On was really around, again, making sure we could get the talen here. We talked about innovation marketplaces, which wer ways to get clusters of capabilities, universities, small busi nesses, venture capitalists, large corporates all working to gether to be able to drive commercialization and innovatio he government has called them 'super-clusters'. The thing e just want to keep emphasizing is that we are excited about hat they are doing in terms of super-clusters; they want to ake sure we do not lose the marketplace notion. There has be private capital that is driving it, not public capital. We e excited by the nine finalists that are in the system.

Concerning the growth capital pools, we found a very big ap. Canada is actually extremely good at innovation. We e, literally, one of the top three countries in the world on most every category in terms of idea generation. We have ot wonderful research, but we are very poor at commercial- ing it. Dean is here, who does a lot on the venture-capi- l, angel-investing side. One critical area was the growth und. I want to thank Victor. He does not like to take credit r these, but with the banks getting together to provide that apital for small institutions—and there is now a CEO and a hair—that is actually moving with the $500 million, and I ink it could go up to $1 billion, I think it is, Victor. There e a number of different areas in here.

The other one is strategic procurement. The Canadian overnment does not like to be a first buyer. That is actually ally important for innovators when they move through it. the U.S. and the UK, this is done all the time. There is a nge of things on innovation that we felt were important.

Future skills. I will come back to this. Because the world changing so quickly, we need some signaling device to ow what those future skills are going to be and a way to xperiment with new ways of training and reskilling people that we can use as we move ahead. It is a bit of a chip in a broader process.

In terms of sector growth, as I mentioned, with the endowment, we saw at least eight sectors where we think Canada should be punching way higher than our weight. This is the agri-food, the cleantech, healthcare and life sciences.

This is a way untapped sector for us. It is a huge source of growth. We are just not doing enough. This is not about subsidies. This is not about the government picking winners. There was a real antibody reaction to that type of thing. It was more about saying, "Let us put a spotlight on an area where we know by any reasonable benchmark we should be doing much, much more." Why are we not? Are there regulations that are getting in the way? Are we not bringing all the resources that we need to, or are we just not being ambitious enough? Are people not seeing it? One of things I would like to note here is what the government has now called 'economic tables'. They have set up six of them, and they are moving. One of them is on agri-food, which Murad Al-Katib is doing, and I was pleasantly surprised. I saw him in Vancouver this week. We said that there is at least a $40-billion jump that we can see in terms of the sort of performance in that sector. He was saying, "We think you are lowballing it. We think it is actually higher than that." That is exactly what we want to have is people who are in the industry, if you will, who are looking at it and saying what is it that we need to be able to get there. I think we have actually lowballed the potential. There is a lot we can do there for growth and jobs.

Regarding workforce participation, as I mentioned, we ave plateaued on women. We had a good push, but it has lattened. We need to crank it up again and make it easier for vomen to be able to participate. Indigenous people, as well, ctually. We need to make that work. It is a huge source of alent, if we can make it work. It is not easy. There is an conomic prerogative to do it, not just a moral prerogative o do it.

And concerning Canadians over 55, the government was ot so excited about us trying to reverse the pension age reorm. We think we are going to have to get more comfortable vith older people working, given life expectancy and where ve are.

The global trading hub is the notion that we are so foused on North America. That is great. We have got to do verything we can to try and continue that. We all know bout NAFTA. The fact that we are so puny in these massive rowth markets is just unacceptable for the future. We have ot to have a free trade agreement with China, India and Jaan. We have got to move on that front to be able to have he access to those markets. We are lagging behind our peers n that.

I am not going to go through all of these. We have actully been monitoring the implementation of this. The only hing I would say on the Infrastructure Bank is that we just vant to make sure, again, that they pay people market rates. These are really critical institutions. You have got to pay narket rates. We also want to make sure the governance is independent. We are excited. We have Jim Leach as a special advisor to the prime minister. I think he, too, is being paid a looney a year, but he is a tough son of a bitch in there and I am glad he is there because he has high standards.

The FDI Agency is moving along very well in terms of the people. In terms of immigration, the government did not g to 450,000. I think the number of people in Canada probabl are grateful that they did not go to our number on that side We actually think that it is quite important in how we integrate people and move it through.

The one I want to finish off with is the last two whic concerns what we are working on now, which is on busines investment, where there is a very tight linkage between business investment and GDP per capita growth, productivit growth. What we found is, in Canada, we are underinvesting compared to the U.S. and, actually, to a lot of our peers especially, when you put Australia on that system. We ar investing less. We are investing less in capital, but we ar also investing less in training for people. We think that i something that we need to—this area has been studied b everyone. We are asking, "What value are we going to ad to this?" Our view is let us look to the future, not to the past because there are going to be many growth engines, agai like life sciences, healthcare, agri-food. What is getting i the way? We think that, in this case, regulation, actuall gets in the way. You think about the innovation potential i healthcare because of the data that we collect on our populations, which is unique. Australia and the UK have that, but i is unique. The amount of innovation and commercialization that could be done is phenomenal, but we have a very rigid, too-tough system to be able to deal with that. We are saying we have got to have regulation that will protect people, but it has got to be more flexible, way more flexible. It has got to have a different mindset. We have seen it in fintech.

If you look at the Monetary Authority of Singapore, the central bank, the only communications I get from them are about fintech investments and how they have the regulatory sandboxes and they want to try and encourage the sort of large players that are in the country and the startups to be able to try things without fear of going to jail because they may break some particular rule. We are focusing a lot on what the future businesses that could be grown are and on what is getting in the way of that as we go through it.

We have many, many roundtables and discussions with business leaders. There are three challenges that people raise, and one is costs. Actually, the cost of input is a big issue. It is hard for us, I think, to be able to deal with things like construction costs. Regulation and taxes come up as very significant challenges as we go through it.

Again, for the sake of time, I am going to skip through. We think life sciences and healthcare have a tremendous opportunity for us, but our regulatory system gets in the way of that. We are looking to the past, not to the future, and where it is.

We are also looking at tax. Again, we are a bit nervous about delving into tax, given what the government has been going through in the last little while. Again, we are taking the view that last time a major review of the tax system was under the Carter review—right, Ilse?—which I think was over 30 years ago. There are actually a number of things that relate to software, IP, and so on, and we lag in those areas. We are not future-looking, and we want to make sure that the tax system is future-looking, because there are disincentives for ICT and software compared to other countries It has also got to be competitive. We are looking at what is going on in the U.S. You have to respond. If the U.S. does something dramatic, we cannot just sit there and go, "I guess that is Donald Trump." We have got to be competitive. We have got to be competitive on the corporate tax rate, and we have got to be competitive on the personal. That is what we are saying. Again, I do not know how the government wil feel about that. We think we have to look at that as we look ahead.

Skills is the other one I mentioned. This is an area that we think is one of the biggest issues of our time, and too little is being done on it. Given the scale of the number of people that need to be reskilled over the next 15 years, we have go to get working on it now, or we are going to have a very big problem. We think somewhere in the order of 2–3 million Canadians who will be typically aged somewhere between 40 and 50 will be out of work if they are not reskilled properly. When you think about inclusive growth and so forth, it cannot happen. What we are going to find is that there are many unfilled jobs because we do not have the skills to do it 'e do not have the system to move it. We do already have sense of where the growth is because there are a lot more :w jobs in some skilled categories, but there are also a lot of bs that are in declining categories. We could spend a whole ncheon just on the skilling side. I am just saying it is a very g issue, and we are worried, so we are spending a lot of ne on that. We actually think that what we have had is ba- cally two pillars: An education system and an unemploy- ent system to be able to deal with this. This is something, ;ain, that Ilse and Michael Sabia have been pushing, and a ɔtion that we need a third pillar, which is around reskilling. has to be at a scale that is way more significant than we ıve seen before for us to be able to go through it.

Again, governments are having to think very differently ɔout what this means because we do not think it is tinkering ith existing systems or plans, and corporates need to do is. Germany has got a very good set of programs that they e piloting in three of their employment agencies. Whereas used to be about unemployment, now people go there to ɛt advice on what sort of skills may be happening down e road and about where they fit and about what they can). Very popular. A lot of people are participating in it. We ink we need to do that probably in Canada, as well with our nployment centres. It is about reskilling at the employment ntres for what we need to do.

Singapore has done something. They are very worried ɔout this. They are, obviously, much smaller, so they can do ings more dramatically. In fact, one example, is that they have set up a lifetime education account that every Singaporean citizen over the age of 25 gets. You get 500 Singapore dollars. It is topped up every time you use it. It is only to be used for courses that they think fit with what the future is going to look like. There are experiments that are going on. We think it has to be done at a different scale.

I probably talked for too long, but I hope that just gives us a bit of a picture of the things we are doing. We are literally finalizing the last two buckets, which are around investment, which will be around regulation and taxation, and then around the skilling, which is about how we basically ensure that we have incentives for employers, employees and the government to spend the money that we need to. We think it is I guess probably seven times what the number is today in terms of order of magnitude that is going to be required.

Questions & Answers

Q: Great talk. One quick question on the reskilling: Where do universities play in that equation on reskilling? I noticed you mentioned government agencies, but I would be curious as to how big or small of a role you think our post-secondary education system plays?

DB: Do you want me to maybe take a couple at one time? I find is a good way of doing it. That is a good one; I am not going to avoid it.

Q: You mentioned a lot about agri-food and Canada

being well positioned. And just with water—how you see that as potentially as either an opportunity or constraint?

: You also mentioned the idea that often government procurement is not ideal as a first procurer. That can happen both at the federal and the provincial levels. How are you working on making sure that all levels of government are on board with a lot of these ideas?

B: Excellent. On the university, it is a great question. I think, obviously, universities play a critical role, but I think universities are going to have to change some of the things they do. I think there has got to be more of a tighter linkage between the skills that are being developed and types of jobs. And universities are also there for the long term in terms of the research that goes on. I do not think we want to tinker or mess with that. We are emphasizing more on polytechnics. We, in Canada, do not, I think, give enough—we have a sort of cultural aversion to if your kid goes to a polytechnic. It is a very different model than what you see in Germany or Switzerland. I think we need to shift the community colleges. The polytechnics play a really important role in providing very practical, timely skills.

The third aspect is we have to change the way we do it. It has to be much more modular. People in this world are not going to be able to go away for three years to reskill, especially when you are in your forties.

You have a mortgage; you have a family; it has got to be part time; it has got to be affordable; it is probably going to have more online. We are seeing some amazing examples. AT&T has done this. Again, a hardcore capitalist, but Randall Stephenson is spending $250 million a year reskilling. He has done it with a university, Georgia Tech, with an Internet education provider, Udacity, and then he provides part-time education. It is sort of like two, three hours a week, and you get a medallion.

It is not a degree; it is a medallion. If you get the right number of medallions, you get the job. Those medallions are now being accepted by other companies. For example, for McKinsey, if you have an AT&T medallion in digital design, we will hire you. I do not care what university you went to, if you know what I mean. That is the sort of changes I think that we are going to have to look at. I think it has also implications for K–12. That is provincial. That is beyond our jurisdiction, if you will. I think someone has got to raise it because the idea that we teach people the same way we have been teaching people for the last 50 years as we look ahead probably does not make a lot of sense. Those institutions are quite challenging to change, I think. Anyhow, we think the education side is really important. We also think businesses need to step up more and train, and we are looking at what some of the incentives are that we can provide for people.

On agri-food and water, I think that is one of our biggest endowments, if I might say. If you actually look at agri-food and where it is being produced in the world, today, and you look at one of our biggest competitors, Australia—and I am not a deep expert in this, but what I understand is that the way that Australia gets its water is quite different than the way we get it. Their way of getting water is not going to last for very long. It is a bit like California. The countries that have a natural endowment in water—the four biggest are Canada, Brazil, Kazakhstan and Ethiopia. In my view, if you look at the global champions in food, you see a lot of Brazilian companies, Brazil Foods being an example. What they are basically doing is exporting their water via chickens. They convert water into chicken, and then they export it to the Middle East and other places like that. That is a big advantage, but when you actually look at how we use water, we are one of the biggest wasters of water in the world, probably because of the abundance of it. I think it is a huge, a very big opportunity for us.

On the third question there, as you said with procurement, what we are trying to do is ask if it can be a race for the top. We recognize we cannot tell the provinces because it is almost like if we did, they would do the opposite or something like that, so what we are trying to do is ask if it can be kind of a race for the top.

Can the federal government even provide an incentive for those provinces that do the following thing?

We will encourage them in some way. What we found through this process is that the regional set of ideas that are coming through are really exciting—in British Columbia and Atlantic Canada, on the Prairies. We have not found people in the provinces that are saying, "This is crazy. Why are you doing it?" I think you have to make sure you have got the local group of leaders that are there because, in Atlantic Canada, it is quite different, obviously, than what they are dealing with in Saskatchewan. There is this sense of maybe we do need to be more supportive of people.

I think let us start. Hopefully, the federal government can get going on this and start doing and that becomes a role model. There has been a sense here that that is almost illegal. It is strange. Even in terms of our trade negotiations, will that affect us? The U.S. has been doing this for decades. The UK has been doing this for a long time. We just have to get modern, I think.

Q: **There has been a lot of discussion about our seeming inability to grow and sustain global champions. How much do you think we should pay attention to that versus other broader growth initiatives?**

DB: I do not think it should be the single focus at all, but I do think it is a component because you do have large companies that help a lot of small companies in a supply chain. There is one example when I was living in China. I was always amazed at how when the German companies would come over, you would have the Chancellor who would come, and then there would be ten big German companies, the ones you would expect, but they had to bring their supply chain with them. They were bringing with them a small set of companies as well because those companies could not afford, if you will, to go and get introduced to the Chinese market. I think, if you think about where a lot of R&D is done, there is a lot in startups, which we need to do. We have to have the breadth of it, but large companies do a lot on that side, too.

Actually, being part of global supply chains is critical in where things are. I do not think it should be the sole focus at all, but it has got to be a component. I think it is an indicator. For me, personally, when I look at it, I see these six or eight sectors where we have a natural advantage. I think we have gone from having 23 global champions to five over the last 20 years. It is unnecessary. Again, it is not to try and say we need a government policy to do it. That would be the last thing I would say. It is just more about the ambition around it. As we said, on the innovation, we want to get a lot better at commercializing our good ideas—again, with the business growth fund with venture capital and angel investors. We want to kind of get that flywheel working. That will also allow us to be able to create more of those companies.

And I also think the trade element will. It is going to be hard to be a global champion if you are not linked to

Asia. I just do not know how. It does not mean you have to move there, but you better have a set of relationships with that part of the world, or you are going to be irrelevant, I think, is what we think.

Ilse, I do not know if you want to correct anything that I have said. Thank you.

Note of Appreciation, by Chris Halyk, Chief Executive Officer, Janssen

Thanks, Barbara. Good afternoon. I am Chris Halyk. I am from Janssen Canada. Janssen Canada is the pharmaceutical company of Johnson & Johnson. I just have a couple of remarks to make. As a new year approaches, it is important for us to take some time and actually take a look and understand what kind of lies ahead of us. I think today was very timely with regard to the Empire Club and Dominic being here, today, to talk to us about what Canada needs as we end up moving forward.

Dominic, on behalf of everybody here, I do want to thank you for sharing your knowledge and your advice. I think your international experience and your role as advisor for many of the global business and political leaders really does give you some great insight into the challenges.

I was struck by a number of the comments that you made. I really appreciated your four forces transforming the global landscape and the opportunities that were around those.

I also thought about your recommendations, and the eight of them were great, but, particularly, as they related o foreign investment and the opportunity that is there and nnovation as it ends up moving forward. I also agree with he recommendation to unleash the sector growth because, ike you, I do think that healthcare is a huge opportunity as we end up moving forward.

As the world's largest healthcare company, J&J looks for opportunities and conditions that will actually spur that growth as we move forward. For life sciences, Canada, I hink, has a wonderful opportunity. Janssen Canada and J&J have committed more than $1 billion in initiatives over he last little while, which I think is great. Most of those have happened right here in Ontario. I think a real shining example of that is JLABS @ Toronto. For those of you who do not know, this was opened up in Ilse's building back in 2016. It is really an incubator to help life sciences organizations to come up with new ideas to grow their business to move things ahead.

Currently, JLBAS @ Toronto has some 48 startup companies. Forty-three of those are here from Canada, and five are from the U.S. Really, it is an opportunity for those companies to be able to pursue opportunities in life sciences as opposed to ending up south of the border. Those companies really benefit from what is happening now in our economy, today. We have one company that is here with us, today. We have Naheed Kurji, President of Cyclica, here.

He is working in the biophysics area and artificial intelligence to help pharmaceutical companies be able to navigate drug discovery pipelines as it moves forward. He is just one of the 48 other companies that are actually out there. I think JLABS is a great example of the success that can actually take place with regard to the partnerships that have to happen out there, particularly, in relation to government, to research, to industry, to academia, as well.

You referred previously in your discussion about what is actually getting in our way as we move forward. I think one of the most important things is to ensure that that partnership takes place right across the spectrum, so between governments, between the industry, between research and all the opportunities. I think those are some of the things that we are going to have to remove.

We also have to make sure that governments are not getting in their own way, whether they happen to be regiona or whether they just happen between ministries themselves in terms of what they are actually impacting. I think it is important that government and industry continue to get this right as we move forward. I think life sciences is a grea example of that as we end up moving on. Economic growth is certainly an opportunity in this particular area. I think tha you highlighted it extremely well.

In closing, I would just like to thank the Empire Club, once again, for hosting today's event, and a very special thank you to Dominic, for McKinsey, for his excellent insights in term of how Canada can grow. Thank you.

Concluding Remarks, by Barbara Jesson

Thank you, Chris. A sincere thank you to our generous ponsors, CIBC, Janssen, Bombardier and the Canadian Beverage Association for making this event possible. Without ponsors like these great organizations, the Empire Club nches would not be possible. Thank you, once again, for our very generous support.

We would like to thank mediaevents.ca, Canada's on-ne event space, for webcasting today's event for thousands f viewers around the world. Although our club has been round since 1903, we have moved into the 21st century and re active on social media. You can find us on Twitter @Em-ire_Club and visit us online at www.empireclub.org. You an also follow us on Facebook, LinkedIn and Instagram.

Finally, please, join us again soon at our next event. On ovember 20th, Rachel Notley, the Premier of Alberta, will e here with us at the Royal York Hotel. Thank you for your ttendance.

This meeting is now adjourned.

The Empire Club Presents

THE HONOURABLE
RACHEL NOTLEY,
PREMIER OF ALBERTA

Welcome Address, by Kent Emerson, Associate Vice Presiden Municipal and Stakeholder Relations, at Municipal Property Assessment Corporation; First Vice President of the Empire Club of Canada

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November 20, 2017

Good afternoon, ladies and gentlemen. From the Roy York Hotel in downtown Toronto, welcome, to the Empi Club of Canada. For those of you just joining us through eith our webcast or our podcast, welcome, to the meeting.

Before our distinguished speaker is introduced today, gives me great pleasure to introduce our Head Table Guests.

I would ask each guest to rise for a brief moment and b seated as your name is called. I would ask the audience refrain from applauding until the Head Table Guests have bee introduced.

HEAD TABLE

Distinguished Guest Speaker:

e Honourable Rachel Notley, Premier of Alberta

Guests:

r. Chris Benedetti, Principal, Sussex Strategy Group; 2nd Vice President, Empire lub of Canada

r. Pierre Cyr, Director, Board and Stakeholder Relations, Canadian Blood ervices;
irector, Empire Club of Canada

r. Patrick Dalzell, Senior Strategist, Corporate Affairs, Bruce Power

s. Nathalie Des Rosiers, MPP Ottawa–Vanier, Parliamentary Assistant to Ontario's inister of Intergovernmental Affairs

r. Patrick Dillon, Business Manager and Secretary Treasurer, Provincial Building d Construction Trades Council of Ontario

r. Don Forgeron, President and Chief Executive Officer, Insurance Bureau Canada

r. James Hogarth, President, Provincial Building and Construction Trades Council Ontario

r. Kevin Kelly, Executive Vice President, Corporate Services, Bruce Power

r. Nathan Rotman, Chief of Staff to the Premier of Alberta

r. Robin Sears, Principal, Earnscliffe Strategy Group, Past President, Empire Club Canada

My name is Kent Emerson. I am the Associate Vice Presi-ent of Municipal and Stakeholder Relations at the Municipal roperty Assessment Corporation. Thank you.

Premier Notley's first speech at the Empire Club was on ctober 2nd, 2015. Her visit to Toronto was shortly after her arty's phenomenal election victory. The Alberta NDP had rmed government after decades of Tory rule.

The premier's 2015 address to the Empire Club focused n many inherited challenges facing her new government as result of the economic downturn in the energy sector prior to the election. The Alberta annual budget surplus was suddenly a substantial deficit. At the time of Premier Notley's visit, the price of oil was $44 a barrel, down from $95 just one year prior. To emphasize the interdependence between Alberta and Ontario, she spoke in terms given an Alberta-Ontario economic partnership. The premier noted in her remarks that the economic shock resulting from this change was so significant that it created a ripple effect to other parts of Canada, including Ontario's manufacturing and financial sectors. That very interdependence is what brings Premier Notley here again today.

On this trip, during constituency week of the Alberta legislature, Toronto is the first of several stops on tour that includes Ottawa, Vancouver and Calgary to talk to Canadians about the Trans Mountain Pipeline.

As many of you know, this pipeline received approval by Canada's federal government in 2016, but there are opponents and legal challenges pending. What we know for sure is that Canada is one of the top ten oil-producing countries in the world. Our financial system relies upon it. Our dollar relies upon it. For Premier Notley, in particular, Albertans rely upon it. Given the fact that oil production is a certainty, it is necessary to have a discussion about the safest, most environmentally responsible and efficient way to transport the product to reach its market. I am sure, on this topic, the premier will shed light on her thinking for all of us, today.

Since forming government, the premier's accomplishments include putting a price on carbon for the first time in

Alberta's history, implementing the United Nations Declaration on the Rights of Indigenous People, raising the minimum wage to $15 an hour and freezing post-secondary tuition.

Premier Notley's passion for politics is in her blood. Her father, Grant Notley, was the leader of Alberta's first NDP opposition. Before she was 10 years old, the premier attended protest marches with her mother, Sandy.

Born in Edmonton and raised in Fairview, Premier Notley obtained a Bachelor of Arts degree in political science at the University of Alberta and a law degree from Osgoode. She practiced labour law and workers' compensation advocacy. She also served as an adviser to British Columbia's attorney general.

Premier Notley was first elected as an NDP MLA in 2008, serving the constituency of Edmonton-Strathcona, where she resides with her husband and their two teenage children.

Before I invite her to join, please, turn your attention to the screen for a short video.

[VIDEO]

I would like you to give a warm welcome to
the Honourable Rachel Notley, Premier of Alberta!

The Honourable Rachel Notley

Thank you. Hello to all of you. Thank you to all for coming here today. Let me begin by thanking the Empire Club for hosting this event. Thank you, Kent for that very kind introduction.

This club, the Empire Club, has had some remarkable speakers in its history, stretching all the way back to 1903. I understand Indira Gandhi spoke here. So did the Dalai Lama, Winston Churchill, Gordon Pinsent, Vladimir Putin and many, many others. No pressure.

Nonetheless, my task is clear, I guess. I need to be wise, I suppose, like the Dalai Lama, about Alberta's role in Canada, in our environment, and in the world's energy economy. I need to be determined, determined to defend our province's beaches, as Winston Churchill would have been. A neat trick, since we have no coastline, a matter about which I will probably say a few more words. I need to find a way to persuade you that Alberta is as much a national treasure as that wonderful Canadian actor, Gordon Pinsent. Then, at the end of the day, if none of that works, I suppose I could also engage with Facebook to get my own way, just like Vladimir. Okay, maybe we just will not go there. You think you know where I am going.

With as much wisdom, determination and commitment to this wonderful country of ours as I can muster, I am here to speak to you, today, about three things, which was somewhat prefaced by that video there.

First, I would like to provide you with a bit of an update n how Alberta is doing these days, given that I was here in ctober of 2015. Just so you know, the price of oil went well elow where it was when I was last here. Second, I would ke to speak to you about the need to open up new markets or energy products by building new pipelines, such as the rans Mountain, and how those new pipelines complement nd actually support the very far-reaching action that we are king to tackle climate change in our province of Alberta. inally, I am here to ask for your help. We will get to that.

The first question: How is Alberta doing these days? Af- r suffering one of the toughest economic shocks that our rovince has faced, quite frankly, since the Great Depression n the 1930s, things in Alberta are starting to look up. Three ears ago, for many reasons, including slower economic rowth in Asia and the rise of new energy producers in the .S., who made the U.S. a net energy exporter for the first me in decades, the world price of oil collapsed. That oil rice, which had peaked at well over $100 per barrel, plum- eted, bottoming out below $30 per barrel.

As you know, Canada is one of the world's principal en- gy producers with some of the world's largest energy re- erves, an industry that supports more than 500,000 direct nd indirect jobs. When you have a price shock that is that eep, the effects are felt across the country, including among e thousands of Ontario-based companies that do business in il and gas, and back home, in my province of Alberta, where ost of Canada's resources are located. In Ontario, for you, at shock price meant lower demand, lower growth and lost opportunities. For families in Alberta, it meant terribl stress and hardship. People lost their homes, and they wor ried. They worried about how they would literally put foo on their table. Throughout the country, tens of thousands o workers returned home from Alberta without the good pa cheque in their pockets that they needed to take care of thei families in their home provinces, pay their taxes and suppor their local economies. For us in Alberta, the price shoc also meant a sharp economic recession, one that echoe throughout homes and businesses across the province, and i meant a very severe fiscal shock. Our revenues dropped b about 20%, creating an $11 billion provincial deficit.

At the time, there were those who argued and continu to argue that the only thing that mattered in that descriptio that I just gave to you was the story of the provincial deficit. People did not matter; economic growth did not matte The only thing that mattered was to immediately balance th provincial budget by making everything worse, by firing th nurses that our loved ones need at their bedside when the are sick and the teachers who our kids depend on to lear and by cutting everyone's healthcare and all our familie educations by 20% in the middle of a sharp recession. W were fighting a fire, and these folks wanted to deal with by building a bigger fire: Classic cut-and-slash austerit schemes that have been tried and failed all around the worl with little to show other than the highest levels of inequalit seen in a century.

We did not take that bad advice, advice that would hav

ut more people out of work and made things even harder.
nstead, we stabilized the public spending in our province,
nding a period of runaway, volatile public spending growth,
nd we absorbed that fiscal shock rather than downloading it
nto Alberta families. We helped families directly by doing
way with a massive and regressive health levy and replacing
with fair, progressive taxes that people pay when they can
fford to. We did what we reasonably could to offset the price
hock by investing in the economy with a strong and carefully
rgeted infrastructure plan that put people to work and made
p for years of neglect. We started and we are now partnering
ith business in and out of the energy sector to diversify our
conomy and to move up the value chain, adding more value
what we do in Alberta. And we acted decisively to reduce
ur emissions and to combat climate change while working
t the same time to diversify our energy markets. I will speak
ore about that in a moment, except let me just say it really
working.

How is that all working out overall a little over two years
ter? As I said, things are looking up. Greatly helped by a
low, but encouraging recovery and commodity prices, Al-
erta is reclaiming its mantle, which is what I would charac-
rize as the economic engine of Canada. A few more quar-
rs of this, and we are going to be able to say that Alberta is
ack. I can cite many statistics and many studies, but here are
few that tell the story that we are enjoying right now.

According to the Conference Board of Canada and sev-
ral major Canadian banks, Alberta is expected to have the

strongest GDP growth in Canada in 2018. RBC recently revised their forecast for Alberta up from 2.9% to over 4% growth. Investment and activity in the energy sector is recovering. Our strong, well-capitalized and Canadian-based energy industry is investing in the future with a number of major projects announced in the last quarter.

That confidence in our future is reflected throughout the industry. For example, drilling activity is way up, more than double compared to 2016, with over 2,700 new wells being drilled since this time last year. Housing starts are up. Exports are up. Manufacturing is up. Retail sales are up. Restaurant sales are up. Business incorporations are up. My personal favourite is that, since June of 2016, Alberta has added more than 70,000 new, full-time jobs.

The bottom line is this: We have more work to do, and not all Albertans are feeling the growth that I just described, but we are clearly on the mend. We are beginning to make progress. All the credit for this goes to the smart, energetic, entrepreneurial and resilient people of Alberta. Once again, just like we always do, as we always have, we are adapting to new realities in this global market we live in.

We are used to challenges in Alberta. We still face a few additional challenges, to be sure, which, of course, brings me to what I want to focus on today, pipelines and the need for market access. I want to speak very directly and very clearly on this issue. Alberta's energy industry helps drive our national economy. It supports hundreds of thousands of jobs across the country, including right here in Ontario—in com-

anies like DistributionNOW, an industry-leading provider of
ipes, valves and industrial tools, in Sarnia and Thunder Bay,
r Dresser-Rand, which is in Mississauga and Sarnia and is
ne of the largest suppliers of rotating equipment. And the
nancial contribution that Alberta makes overall to our fellow
itizens in other provinces is enormous.

And I said this on the video there, but it bears repeating:
here is not a school, a hospital or road anywhere in this coun-
y that does not owe something to the strong energy industry
at we have in Alberta but—and this is key—for Alberta and,
erefore, for Canada, to have a more stable and secure eco-
omic future, we need to be able to sell energy to more than
ust one client. Right now, all of our energy infrastructure is
uilt for export to the United States. They are a monopoly
uyer, and, as a result, we often get heavily discounted at a
onopoly price. The United States has also tripled its own
roduction over the past decade and built numerous pipelines
hile we, in Canada, are arguing over ours. The United States
s both our sole customer, and it is now emerging as our prin-
ipal competitor. You do not need to have a degree from the
otman School of Management to know that this does not
ake a lot of sense and that it needs to change.

To be economically safe and more secure, to be more resil-
ent in the face of inevitable ups and downs in the energy mar-
et, we must develop new markets and new customers. To do
is, we need to build a Canadian pipeline to the ocean.

That is just it, an ocean in Canada. The best option is to
o west, so that we have access to the Asia-Pacific markets.

To put the point even more clearly, I would say that being smarter about how we market our energy is basic common sense. Those who argue otherwise, who somehow claim that we cannot tackle climate change and support working people, are just playing politics with hundreds of thousands of good jobs for ordinary working people in Alberta, in B.C., in Ontario, Newfoundland, Nova Scotia and across this country. Progressive-minded Canadians, like all Canadians, care about jobs and working people in this country. You do not support working people by attacking the hardworking women and men in our energy industry and by attacking good, mortgage-paying energy jobs. Getting better prices from more customers, which is what we are trying to do by building new pipelines, will also make our energy exports safer.

There are those who argue that these pipeline projects are going to make us all less safe and more prone to spills and accidents. That is false. Getting Canadian energy exports off the railroads and into modern, well-regulated, well-designed, closely supervised pipelines will be safer, will be more secure and will avoid future accidents like we have seen in the recent past.

Finally, there are those who argue that building a new pipeline to open the door to more markets and better prices will make it impossible for Canada to meet its climate change targets. The opposite is true. Alberta has taken a very strong leadership position on these issues. Quite frankly, I will argue no one in Canada holds a candle to Alberta on climate change prevention action. Our

an is the most comprehensive anywhere in North America.
'e have introduced an economy-wide price on carbon to pro-
ote lower emissions. We are eliminating coal production
at is bad for our air, our health and our productivity. Take
te: 60% of our electricity is generated by coal right now, so
at is no small thing to get off of coal. We are introducing an
dustrial and domestic energy efficiency program to reduce
aste and pollution. And let me emphasize this—because it
really, really very important—we have placed a hard cap on
nissions from the oilsands. This is very important for Ca-
dians to understand because we have capped oilsands emis-
ons. A new pipeline to tidewater does not, does not, increase
rbon emissions. The only thing that the pipeline contributes
is more economic prosperity for working Canadians in a
ronger, more resilient, national economy.

The measures that I have just outlined are at the core of
anada's national climate leadership plan and, therefore, will
lp Canada reduce carbon emissions in every province and
rritory across the country. They enable us, collectively, to
t on climate change while building a more prosperous, gen-
ous and equal Canada for all of our citizens.

As the Premier of Alberta, a province that I would argue
ntributes mightily to the economic well-being of our country
d leads Canada on climate change prevention action, I carry
is message to you and to every Canadian: If you care about
e climate; if you care about jobs and working people; if you
re about building a society where everybody matters; if you
re about building a national economy that can compete and

win in the global marketplace; if you care about these things like I do, and you still want to keep Alberta landlocked and stop us from diversifying our markets, then, please, give your head a shake. You cannot pick and choose. Withou Alberta, there is no national climate plan, period. With Alberta, we can build a nation where we tackle climate change without leaving working people behind. To be crystal clear any climate plan that ignores working people is not a plan In Alberta parlance, it is all hat and no cattle.

Stand with Alberta and help build a nation that can tackle climate change and support working people, or harm any hope we have of reducing emissions and meeting our climate targets. Friends, it is a stark choice, but those are the stakes.

Demand for oil will continue to rise. The world can either buy its oil from Alberta, where we can take climate change seriously, or it can buy it from places with runaway emissions like Venezuela and Russia. We can act as one country that thinks strategically and competes internationally, or we can be a bunch of economic fiefdoms competing with each other for economic advantage.

Let me reiterate: Building the new pipeline, such as Trans Mountain, will be good for the Canadian economy Getting better prices from more buyers will be good for the jobs of hundreds of thousands of ordinary, working Canadians. Getting pipelines built will give Canada a safer, less risky energy infrastructure. Pipelines are safer than wha we are doing now. Getting better prices from more buyer will not come at the expense of increased emissions, thanks o our climate leadership plan, the strongest plan of its kind n Canada.

Most Canadians, I believe, support these goals. Most Canadians in each and every province of this country, including British Columbia, support the moderate progressive approach that I am outlining today, but we, the moderate progressive majority in Canada, risk being a little outshouted. We risk being outshouted by people who have chosen to stick to their same old divisive approach, regardless of their failures and the economic consequences for ordinary working people. We also risk being outshouted by their peculiar allies, the people who choose to ignore the overwhelming evidence and deny climate change altogether, people who want Canada and Alberta to fail, so they can take us backwards, putting our climate and our economy at risk.

I am hoping you, you listening to me at this event today, are part of the moderate majority in Canada who want to see a progressive plan. If you are, now is the time to speak up. It is time to tell governments across Canada that we have the right climate leadership plan and that it should be implemented. It is time to tell governments across Canada that we have made the right decisions about energy infrastructure, and it is time to implement them, too. It is time to respect those decisions and to get the safe, modern energy infrastructure we need built and built now.

I am here, today, to ask your support as engaged Canadian citizens and as members of Canada's balanced, moderate progressive majority. We can do this. We can act on climate change. We can build a prosperous economy with good jobs for working families. We can have a functional, nationa economy that is capable of making decisions. We can step back from extreme positions and reach solutions together like the ones that I am talking about today. You can make i happen. You can help make it happen. Please, do. The time to speak up is now. Thank you very much for taking the time to listen to me.

Note of Appreciation, by Patrick Dillon, Business Manager and Secretary Treasurer, Provincial Building and Construction Trades Council of Ontario

Good afternoon, everyone. Premier Notley, thank you very much. On behalf of the Ontario Building Trades as well as our co-sponsors, Bruce Power, the sponsors of this afternoon's lunch, I would like to thank Premier Notley fo her inspirational and thoughtful remarks.

Premier, your presence here, today, reinforces the unity that we, as Canadians, feel and strive for as we go about ou daily responsibilities, whether we work in business, government, academia or in labour.

We know that Alberta has gone through some difficul times. The global oil price shocks of late, the 2016 wildfires in Fort McMurray, the recent decision by TransCanada Pipe

ines not to proceed with energies is just a couple of examples
f that. However, as Canadians, we have rallied to support
ach other in good times and bad, and your remarks here, to-
ay, especially highlight the need for us to stand together amid
ne challenges that we all face.

The Building Trades in Ontario, as well as the Alberta and
ritish Columbia Building Trades, fully support initiatives
ke the Trans Mountain Pipeline Expansion Project. We are
ılly aware of the economic and social impact that such proj-
cts bring to communities, including jobs and opportunities
or training Canada's future workforce, in addition to the stra-
egic importance of being able to export Canadian oil and gas
roducts to new and growing markets.

Premier, you spoke about Alberta's traditional energy
ources, such as oil and gas, being codependent with your gov-
rnment's initiatives to address climate change. You empha-
ized the fact that a strong economy is not mutually exclusive
ith a clean environment and that innovation is at the heart of
at linkage. I wholeheartedly agree with you, and I believe
at the majority of business, government and labour leaders
Ontario share that view as we strive to pursue new ways of
chieving energy security and shared prosperity.

Ontario and Alberta's economies are inextricably linked.
Ve share common ties in the financial, manufacturing and con-
truction sectors, and we want to see those ties strengthened
ven more to promote within Canada as a matter of nation
uilding. We can learn from each other's experiences through
ialogue, so your presence here, today, is much appreciated.

Lastly, I would like to point out that the type of economic development that is unfolding in Alberta and in Ontario thanks to private sector growth, truly depends on collaboration between business and organized labour with governmen setting the table, so to speak, for that relationship to unfol fairly in the interest of growing the middle class.

Our partnership here, in Ontario, between the Buildin Trades and Bruce Power is a good example of collaboration That is not to say that we do not have issues between us fro time to time, but we maturely discuss those issues and wor them out. I think that can happen at the national level.

Strong relationships and common end goals really do produce results, and the remarkable pursuit of technological innovation that is going on in Alberta's oil and gas sector, think, is a great example of that.

Premier, on behalf of Bruce Power, represented here at th Head Table by Kevin Kelly and Patrick Dalzell, the Ontari Building Trades, the Empire Club of Canada, and everyon present here today, we thank you for joining us, and we wis you, together with all Albertans, continued success in everything that you do. Thank you for being with us.

Concluding Remarks, by Kent Emerson

Thanks, Pat. A sincere thank you to our generous sponors, Bruce Power, the Provincial Building and Construction rades Council of Ontario and the Insurance Bureau of Canda for making this event possible. Without sponsors like ese great companies, the Empire Club lunches would not e possible. Thank you, once again, for your generous suport.

We would like to thank mediaevents.ca, Canada's online vent space, for webcasting today's event for thousands of iewers around the world.

Although our club has been around since 1903, we have oved into the 21st century and are active on social media. lease, follow us on Twitter @Empire_Club and visit us onne at www.empireclub.org. You can also follow us on Faceook, LinkedIn and Instagram.

Finally, please, join us again at our next event, November 1st, with Dr. Mike Apkon, President and CEO of SickKids. n November 22nd, Andrea Horwath, Leader of the NDP, ill be speaking at the Royal York Hotel. Thank you for your ttendance, today.

This meeting is now adjourned

DR. MICHAEL APKON, PRESIDENT & CHIEF EXECUTIVE OFFICER, THE HOSPITAL FOR SICK CHILDREN

WITH: CANADA'S KIDS AT RISK: SYSTEMS TO IMPROVE CHILDREN'S HEALTH

Welcome Address, by Gordon McIvor, Past President, Empi Club of Canada

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November 21, 2017

Good afternoon, ladies and gentlemen, we are about to g started. From the Arcadian Court in downtown Toronto, w come, to the Empire Club of Canada. For those of you ju joining us through either our webcast or our podcast, welcom to our meeting.

Before our distinguished speaker is introduced today, gives me great pleasure to introduce our Head Table Gue to you. I would ask each Guest to rise for a brief moment a be seated as your name is called. I would ask the audien please, refrain from applauding until all the Head Table Gue have been introduced.

HEAD TABLE

Distinguished Guest Speaker:

r. Michael Apkon, President and Chief Executive Officer, Hospital for Sick hildren

Guests:

Ir. Ali Baddrudin, Managing Director, Management Consulting, Strategy Corp.; irector, Empire Club of Canada

Is. Kate Crawford, Partner, Borden Ladner Gervais LLP

Is. Sonia Jacobs, Vice President, Canadian Partnerships, NRC Health

Ir. Nick Pasquino, Partner, Borden Ladner Gervais LLP

Is. Rose M. Patten, Special Advisor, BMO Financial Group; Past Chair, Board of rustees, Hospital for Sick Children

Ir. Tony Van Straubenzee, Past President, Empire Club of Canada

My name is Gordon McIvor. I am the Past President of ne Empire Club of Canada. Ladies and gentlemen, your lead Table.

On a cold spring day 142 years ago, an 11-room house vas rented for $320 a year by a Toronto women's bible study roup led by a certain Elizabeth McMaster. These dedicatd women set up six iron cots and declared open a hospital or the admission and treatment of all sick children. Their rst patient, a scalding victim named Maggie, came in on pril 3rd. Forty-four patients were admitted to the hospital n its first year of operation, and 67 others were treated in utpatient clinics. And so began the story of what was to ecome the Hospital for Sick Children—branded simply as ickKids, fairly early on—a healthcare community dedicatd to excellence and the compassionate care of children and neir parents.

Twenty-eight years after the hospital's initial setup, th Empire Club of Canada, a speaker's podium set up by a grou of men who did not want Canada to become part of the Unite States, was born. For the first decades of our history, there i no record whatsoever of SickKids in our archives—probabl not surprising as it was still a small hospital that was still un aware of the vital role that it would play in later years in th history of our great city and country.

By the time the hospital located to its present location o University Ave., back in 1951, it was on the very spot wher America's greatest movie star of the silent era grew up. O course, I am referring to Mary Pickford, dubbed 'America' sweetheart', although she was Canadian.

We began to find the hospital mentioned in speeches delivered at this podium by our guests of that era. In 1986, we of course, had one of our most legendary Canadian artist Robert Bateman, speak to us. He actually made national new across the country by donating one of his masterpieces to th hospital, so that it could be auctioned off, and it was at th highest price ever received for a donated work.

Three years later, we welcomed the President of The Hospital for Sick Children, David Martin, to our podium. He gav a speech entitled "Swallowing the Bitter Pill," which focuse on the difficulty the politicians of the year were having wit the concept of co-payment. This speech led to considerabl discussion on funding of the medical community in Ontari and, of course, cemented the relationship between the Empir Club of Canada and SickKids.

Fast forward to 2017, and we are now dealing with what has become the most famous and iconic medical facility in our nation, a hospital that parents around the world who have sick children have come to know, to respect and even to love. Once again, it is poised to grow and expand, ensuring that Toronto continues to be a centre of excellence for pediatric medicine and research.

Our speaker, today, has the impressive responsibility of overseeing what will be one of the largest fundraising exercises in the history of Canada. He has everything in his background and personality to ensure that this campaign will be entirely successful and will lead to a solid and bright future for the institution that he heads.

Dr. Michael Apkon is a physician executive and physician scientist who has served in C level leadership roles at several top academic hospitals in the United States and Canada. He has been the CEO of SickKids since January 2014. In hat capacity, he leads a 300-bed hospital staffed by 10,000 employees, scientists, medical staff, students and volunteers with a $1 billion budget. SickKids is recognized as one of he world's top children's hospitals, as we indicated earlier, and is Canada's most research-intensive hospital, a highly successful clinical, educational, and research organization.

In addition to his role at SickKids, Dr. Apkon chairs the Ontario Provincial Council for Maternal and Child Health, a provincial program of the Ministry of Health and Long Term Care, aiming to foster the evolution of a more effective provincial healthcare system for women and children. He also serves as a Director of MaRS Innovation, a commercialization cooperative and incubator for the life sciences and technology industries in the Greater Toronto Area.

He has had extensive international management experience in both pediatric and adult-oriented healthcare, working with organizations and governments in the UK, Europe, China, Africa and the Middle East as well as, of course, North America. He has consulted widely on business development, capacity development, and management systems as well as quality and safety improvement. He is an expert in strategy, systems development, and operations management, as well as the application of lean and high reliability organizational thinking to drive improvements in quality, safety and efficiency.

Dr. Apkon originally hails from the United States, but we know that he has come to love his new home in Toronto. If his world-class facility can be built on the site of what was the childhood home of a Canadian girl who became America's sweetheart, we know that he, in turn, can become Canada's medical hero for children, running a hospital that now truly belongs to and serves the entire global community.

We are delighted to have SickKids Hospital back with us, again, at the Empire Club of Canada. I would like you to, please, join me in a warm round of applause as we welcome its incumbent CEO, Michael Apkon, to bring us up to speed on his organization's very exciting and somewhat formidable plans for the next decade. Ladies and gentlemen, Dr. Michael Apkon.

Dr. Michael Apkon

Bonjour. Thank you, Gordon, for that really kind introduction. I only wish I had your voice. It is all so wonderful to see so many colleagues, supporters and friends here, today. I really thank you for taking the time to be here.

I am deeply honoured to speak before the Empire Club of Canada. I have come to appreciate your rich tradition, and I am humbled to have an opportunity to share my perspective on children's health and the importance of investing in Canada's future.

If you will indulge me, I am going to try to consider this a belated commentary on National Child Day, which is celebrated every November 20th since 1993, to commemorate the UN signing the Declaration of the Rights of the Child.

I believe I speak for many of you when I say how very fortunate we are to live and work in one of the most highly developed and most affluent countries in the world. Although there is considerable disparity and wealth across geography and across socio-economic groups, the mean per capita income here is high, and we have, perhaps, the wealthiest middle class.

I also feel fortunate to be a part of one of the most effective healthcare systems in the world and to lead an organization that sets the bar for specialized care for children in Canada and globally. I also take great pride and comfort in being part of a healthcare system that is built on the principles of equity and equal access for all. I have always been deeply troubled by the inequities created in my own home country south of the border by the high cost of healthcare, many people's inability to pay, and what that means for the most voiceless anc vulnerable.

I wear a lot of hats these days, and they are all important but there are a couple that define me more than others. I am a physician, specifically, a pediatrician and an intensive care specialist. I went into medicine because I wanted to make a difference in people's lives. As a physician, I have had the privilege of witnessing and being inspired by the miracles of modern medicine, and I have also had the experience o helping some families through the most challenging and unimaginable experiences of coping with times when medicine is not enough.

I am also a physician who, today, chooses to spend most of my time as a healthcare executive, not because I wanted to move from the bedside, but because it was a means to an end the end being better care and greater impact.

Maybe the most important hat I wear, though, is the hat of being a dad, filled with the hopes and dreams that every parent has, as well as the anxieties of parenthood, praying that my kids will stay healthy and happy, as I am sure all of you do. I can say that the way I think about being a physician and a healthcare executive has been shaped immeasurably by wanting every parent to have the joy that I have had from my kids. Since being a parent, I can also say that I feel other parents' fears and anxieties much more clearly. That has an impact in the way I carry out my day-to-day roles.

I spent my career working to make our systems of care better and safer for children that need our help. As a society, we spend a lot of our treasure on healthcare, and we work to increase the health of our citizens. In fact, on a per capita basis, we spend $6,600 per person per year, roughly speaking, more than 11% of our gross domestic product, more than most of the countries in the Organisation for Economic Co-operation and Development (OECD).

I was speaking at an event last week and was asked whether I thought we received good value for our healthcare system. In many ways, maybe the most important ways, the answer clearly is yes.

Over time, we have seen remarkable progress in improving the lives of Canadians. Mortality rates for children under five has fallen by 85% since 1960. Over the same timeframe, life expectancy has risen from barely over 71 years to 82 years. It is among the highest in the developed world and onger than the 79 years in the U.S., despite their spending far more per capita on healthcare.

We attract visitors from all over the world who hope to earn from what we are doing well. Last month, Toronto hosted Senator Bernie Sanders as a well as a delegation from he Dutch healthcare system, hoping to see what they can ake back to their own countries as they seek better value in heir own healthcare systems.

Despite having a lot to celebrate, though, we do face a number of challenges that are not unique to Canada. We face rising expenses driven by new technology treatments nd complexity. We have a limited ability to raise revenues to address those expense increases. Even in an organization like SickKids, which has benefited from the incredible generosity of our community that has been inspired by our message, there is always room for more, more ideas than there is funding for.

We also, as a system, face ever-increasing demand from patients and families, demand for better quality, safer care, greater convenience, more equity, better outcomes, particularly, as information becomes more accessible. Despite universal access to services, we still experience considerable disparity when you look across socio-economic groups or between Indigenous and non-Indigenous people. For example, whereas infant mortality in Ontario is roughly about the same as the Canadian average, the mortality rates are much higher in the Northwest Territories and almost four times higher in Nunavut.

Recent studies by Astrid Guttmann, from SickKids, as well as the Institute for Clinical Evaluative Sciences, or ICES, demonstrated significantly higher childhood mortality from respiratory infections in more socio-economically deprived groups. The rate of suicide among youth in Ontario's northernmost regions are almost eight times the rates in Toronto and even higher in some communities.

We also know that some countries deliver what seems like even better value, slightly longer life expectancy, better performance on other measures that matter to people at the same or maybe even lower cost. To be sure, it is pretty tough to compare performance of our healthcare and social care sysems without considering the complexity of genetic factors, nvironment, lifestyle and many other contributors to health. have also learned that there is no perfect system, just differ-nt tradeoffs.

I would submit that the critical question, though, is not ow do we compare, but rather how can we do better? How an we ensure that every Canadian child has the capacity to ulfil their and their parents' every hope and dreams? There s no doubt that we can do better with the will and with the ocus. There are many, many opportunities to enhance val-e and to gauge improvement in our system, but I want to ropose, however, that one of the most important and urgent pportunities is to improve the health and wellbeing of Can-da's children. While there are many strategies that we could se to do so, I also believe that we need to identify a unifying bjective to drive change most expeditiously.

In the time I have left, I want to share with you why I elieve that addressing children's health is essential to the ustainability of our healthcare system, and I want to suggest everal specific strategies, including, examining the way we ook and configure our healthcare system. Most importantly, want to suggest a unifying objective, a bold moonshot, if ou will, to significantly reduce children and youth mortality s a way to organize our thinking and to gauge our progress.

There are at least four reasons to focus on children's ealth. The obvious argument is the moral argument that we ave a moral responsibility to care for our most fragile and oiceless citizens. Second, better healthcare for today's children will also contribute to a more secure future for today’s adults. The birth and fertility rates in Canada are far lowe than the so-called replacement level needed to compensat for society’s rate of dying. We need to raise children to b productive taxpaying adults, and we should see the investment in Canada’s children as an existential issue if taxpayin Canadians are going to continue to provide the social safet net that we rely on as we age.

Third, better healthcare for today’s children is also a ke to having a sustainable healthcare system into the future. B reducing the costs of caring for people into adulthood, wit healthcare costs that are threatening to bankrupt governmen treasuries and a great burden of adult healthcare costs driven by conditions and lifestyles that are formed during childhood, investment in Canada’s children is an important drive of long-term economic health. Consider the fact that 50% of all cases of mental illness across all ages first present i childhood. Children with disabilities and healthcare need become adults with disabilities and healthcare needs. Adul obesity, diabetes and cardiovascular disease have their root that begin as early as infancy.

Finally, poor child health creates an economic and socia burden on families, including the siblings of sick childre that contributes to poor long-term educational attainmen less economic success, and social deprivation that contaminates healthier siblings and spreads the impact across families and across generations.

When you consider the direct impact on health, the eco omic benefit of healthier adults and the amplified impact of amilies by relieving the burden of childhood illness, there is n incredible leverage in making investments in children's ealthcare that I believe far exceed the kinds of returns that e see on other social investments.

If we are going to enhance health value, though, and exend life, we need to understand what drives health and welleing. Although I have a vested interest and probably a bias owards the impact of healthcare delivery, the truth is that ealthcare delivery is a relatively small contributor. Genetics re a big contributor and explain maybe 30% or so of the diferences or variation across different populations. Lifestyle nd behaviour is an even bigger contributor accounting for aybe 40% of health differences. It is important to recogize that many of the important factors are defined in childood: Eating, exercising, smoking, drinking, all those habits tart pretty early in life. Social circumstances make up 20%, bout twice the impact of healthcare delivery, so housing, ansportation, poverty and education all are big contributors nd impact the likelihood of being sick, the ability to get help nd the ability to cope with injury and illness.

I did say that healthcare is not the major driver. Nonetheess, it is one that carries an awful lot of weight.

It is part of the broad social care system that sees the pportunities, has a lot of the complicated and sophisticated anagement and governance systems to drive change, and lso has expertise in problem-solving and knowledge transation.

Involving healthcare systems, and, specifically, hospitals seems to be a key success factor and, indeed, other jurisdictions leverage healthcare systems to drive broad change Saving lives depends on understanding not only the causes o death, but the important contributors which serve as some o the most effective targets for intervention aimed at preserving life. It is important to realize that the approaches chang over a child's lifetime and the opportunities start before baby is even born.

Prematurity and birth injury are important contributors t mortality in the first 24 hours of life and a significant caus of lifetime disability. Three of the four top risks identified b the Health Insurance Reciprocal of Canada relate to the car of pregnant mothers in the delivery of their babies.

Birth injuries to babies are one of the top reasons for insurance claims for both hospitals and doctors. Contributor to prematurity and birth injury are clearly complex, and the are not simply a reflection of healthcare delivery. Living i rural communities, poverty, teen pregnancy, substance abus are all important potential contributors. However, the healthcare system can build systems of care that distribute expertise more effectively, build capacity in remote centres that d not get a lot of practice with the kinds of emergencies tha lead to harm, and help educate providers and the public t improve prenatal care as well as labour and delivery services

For infants and young children, disease becomes a majo cause of mortality and morbidity. For children, cancer is responsible for approximately one-third of all deaths under th ge of 14, and it remains a major cause of death in childhood, espite the survival for children with cancer in North Ameri-a increasing from 10% to more than 80% over just 50 years.

There continues, though, to be considerable room for im-rovement. One out of five children still dying from their ancer has to be unacceptable. Moreover, childhood cancer reatments cause considerable long-term morbidity that influ-nces adult health, including the potential for secondary ma-ignancies during adulthood. We need to continue investing n new cures and improved therapies for childhood cancers as ell as research into the causes and long-term consequences f childhood cancer.

Similarly, we have to continue investing in research, seek-ng to change the course of the inherited and acquired diseas-s of childhood that are responsible for nearly 20% of the rest f childhood deaths. Emerging technologies, such as gene herapy, regenerative medicine, and tissue engineering, all of hich are current realities in at least some limited way, hold he promise of a very different outcome for children suffering ifelong and life-threatening medical conditions.

Just recently, really in the last couple of weeks, we saw paper describing a child cured of a terrible and often ife-threatening skin disease. He was cured by taking a small iece of his skin, curing that little piece of the genetic defect hat he suffered from, growing that piece into nine square etres of skin and then, through a series of skin grafts, re-lacing his diseased skin with the now normal version of his wn tissue.

Here, at SickKids, we announced, together with our pa ners at Mount Sinai, the first Canadian repair of a spinal d formity called spina bifida while the baby was still inside h mother. That repair at 25 weeks of pregnancy likely prevent the kinds of complications that can cause a lifetime of medic difficulties and early death.

Expanding on these kinds of successes and bringing t promise of new advances to fruition requires a pretty amb tious research agenda and appropriate investments in suppo ing translation of science from discovery to recovery.

SickKids is clearly an organization working to increase o impact in all of these areas and, I think, the best poised in t world to advance a number of these areas, including the rege erative potential of stem cells.

Beating back the scourge of disease, however, is not, by self, sufficient. Death and injury by accidents is a major fact even in infancy, but it increases in importance as kids get ol er. Death by accident and suicide account for half of deaths Canadian children under 14, and almost 80% in teens betwe 15 and 19. In that older age group, suicide accounts for near 30% of deaths. The factors contributing to accidents or t failure to prevent a suicide are complex, but we have to co sider these deaths preventable. We know that affluence a poverty are important factors with traumatic injuries signi cantly higher in the poorest fifth compared to the more afflue parts of society. This is particularly important, given that 1 million or 17% of Canadian children live in poverty.

Although healthcare delivery itself is unlikely to be t ost important driver of death and injury, improvements, betr healthcare delivery absolutely would help. Many of you e likely aware that preventable deaths in hospitals are all too ommon. Medical errors are considered the third most comon cause of death in the U.S. I do not think it is much differnt in Canada. Kids are at particularly high risk. Regardless f how good hospitals and other providers are, some harm acally happens as a result of care, whether it is by mistakes or y complications that are not effectively prevented. As good s SickKids is—and I do think we are very, very good—we now that there are circumstances where children suffer harm ithin our walls. Although we do not necessarily know how prevent every mistake, we do believe we have a moral reonsibility to see what we can learn and to work hard to get etter and better.

That is why three years ago, we made a commitment to educe preventable harm by two-thirds over three years, by ommitting to more reliable practice, better teamwork and to arn from our failures. The approach we took is not particlarly novel, but it also is not particularly easy. It does work SickKids and many other organizations that have followed similar route, and we have reached our goal sooner than exected. We are working hard to go even further and to share hat we have learned with other partners. Systems of care are so important and are particularly important for children. It not reasonable to expect that every healthcare-providing site ovides all things to all people. The more specialized the rvice, the fewer the people that need it and the more it tends to be concentrated in a few centres. Because specialization tends to lead to better outcomes for certain surgeries and treating certain diseases, we leave people having to choose between quality and convenience, particularly, when they do not live next door to the kinds of centres that we are so lucky to have here in downtown Toronto.

Care for children is particularly highly specialized. That specialization, we know, makes a difference. Children are twice as likely to survive life-threatening, traumatic injuries when they are cared for by specialized pediatric trauma teams. It is pretty challenging to provide expertise, though, when it is concentrated at very few specialized centres. Eighty-five percent of kids come to their local emergency department rather than a children's hospital when they need emergency care. Yet, it is uncommon to find children's doctors or nurses in these local emergency departments.

We know that the likelihood of surviving a life-saving emergency is better and higher in a specialized centre and in centres that see a lot of kids compared to those that have fewer visits. SickKids, as an example, sees nearly 80,000 children a year in our emergency department. In contrast, other hospitals in Ontario see as few as a few thousand or even less.

Kids also cannot come to urban centres where there are specialized hospitals every time they need to see someone for their mental health or for a clinic appointment. Kids with complex needs also need to be supported in their local communities, in their home communities, rather than having to relocate to urban centres where specialized resources are more accessible. We have to invest in efforts to share expertise from specialized centres with those caregivers and health centres that are the points of first contact and the critical safety nets for children who are ill or injured. It is important that we begin thinking about networks of care that bring together, with some form of common governance and accountability, hospitals that span a continuum of services and a very broad geography. These networks can facilitate planning, knowledge translation and coordination in ways that distribute expertise and share care responsibilities much more effectively.

It is interesting to see the UK's national health system organize 15 academic health science networks to cover the country and act as facilitators to drive change, drive improvements and facilitate knowledge translation across the full continuum of services from home to very advanced care settings. It is also interesting to watch the networks that are developing in Southwestern Ontario around London's Health Sciences Centre and the network in the Hamilton area around St. Joseph's and Hamilton Health Sciences.

Networks can help leverage the management structures, governance and enterprise systems that are so well developed within the largest hospitals and to create a more effective approach to driving a holistic way of caring for larger populations, something that I know the local health integration networks are very intimately involved in trying to drive as well. Networks also can forge more effective connections with parts of the social care system. Cincinnati Children's, one of our peers in the U.S., is one organization that has leveraged their network to support school-based health clinics and health-supporting connections with other sectors, including even fire departments, homecare agencies and many others.

Beyond healthcare delivery, efforts to make care generally more accessible will also help. For example, reducing the financial burdens through programs like Ontario's OHIP+: Children and Youth Pharmacare program will promote equal access to health-sustaining medications.

I have already mentioned a number of ways through which we can help children grow into productive adults. Clearly, there is no end to the investments that might be helpful in improving health and wellbeing for children. SickKids is working hard to do everything we can to have an even bigger impact. I mentioned the work that we are doing to improve safety. Our scientists are working hard to find new treatments for cancer, neurological diseases, heart disease and many other conditions. A major part of this is embracing the power of data, the power of genomics and the power of regenerative medicine to better understand disease and to save lives. We are working hard to expand and improve mental health services through telepsychiatry and through the integration of the Hincks-Dellcrest Centre, now the SickKids Centre for Community Mental Health. With the support of the provincial government, we have also created an alliance, the Kids Health Alliance, with our partners at the Children's Hospital of Eastern Ontario and Holland Bloorview Kids Rehabilitation Hospital.

The purpose of Kids Health Alliance is to collaborate more effectively between us and to enlist and engage like-minded partners, like Markham Stouffville Hospital, in improving the care of children closer to home, particularly, in emergency departments.

We have a lot to share, and we have been fortunate to be supported by philanthropy and the Government of Canada to share what we have learned with partners in Africa, in China and other parts of the world. For those of you that have supported us, and I know many of you are in the room, thank you.

Our VS campaign to rebuild SickKids is a bold campaign to change the future of pediatric healthcare and the experience of children that face injury, illness and recovery. We also know that there are many agencies, organizations, and individuals that are working to make important differences in your own ways. When we think of all the ways we can collectively have an impact, I have no doubt that different stakeholder groups are going to see opportunities through different lenses and debate the relative benefits of addressing prenatal care, poverty, education, nutrition, mental health, equal access, improved healthcare delivery or better treatments. They are all relevant.

We can also expect that each stakeholder that you engage in the discussion may well have a different measure of success in mind—less income, inequality, better educational attainment, whatever is most relevant to their perspective.

For policymakers, government and even for those intimately involved in improving our systems, it is pretty difficult to decide what to address first or to decide how to compare the relative impacts of competing projects.

We need an organizing theme, a way to keep track. We also need to be clear where we are going with an ambitious target that would bind together various stakeholders and perspectives under one umbrella.

In 1960, U.S. President John F. Kennedy called for an effort to put man on the moon within ten years. Kennedy recognized that a moonshot was an organizing theme that would advance many different areas of science and technology as well as achieve an important strategic objective. It fostered a new age of innovation that not only achieved its goal, but also spurred advances in many areas that have improved lives globally, and we enjoy a lot of that today.

When we consider the complexity of improving the lives of children, we have to recognize that efforts to reduce mortality will benefit in immeasurable ways beyond saving lives. If we want to reduce, for example, the number of children that die from suicide, we have to improve better access to more effective services for many, many children. That will improve the lives of those countless more children than only the children whose lives are saved by those efforts.

I have always been struck by the words of Dr. Don Berwick, the former Chief Executive Officer for the Institute for Healthcare Improvement and the former Head of the Centers for Medicare and Medicaid Services in the U.S. Don was famous for saying, "'Some' is not a number and 'soon' is not a time." I believe that if we want to make an important impact, we need a lofty goal, that is specific and timebound. We need a child wellbeing moonshot, achievable, yet ambitious.

If Canada were able to reduce its childhood deaths to the average across the G7 countries, deaths would fall by 15%. Were we able to reduce deaths to the average of all the OECD countries that are higher ranked than Canada at the number 19 position, we would have 30% fewer deaths.

Based on the examples of what has been achieved in peer countries and assessment of the trajectory of improvements that we are already enjoying and my rough assessment of the contributors to child and youth mortality, I want to propose that government, organizations, researchers and clinicians work together to take on the ambitious, but achievable, goal to reduce child mortality by 30% in five years.

The point is not the target. Ultimately, we should be aiming to eliminate childhood mortality, but let us not negotiate the ultimate goal, although we are going to have to negotiate the timeline. The point is not the time. We simply need to identify a timeframe that is short enough so that we are not delegating the responsibility to future generations and long enough so that we can see some real impact. The point is not even the objective, but we do need some way to create a big enough tent to engage critical stakeholders and an objective that is undeniably relevant, measurable and improvable. The objective of saving lives ought to be relevant to everyone interested in mental health, healthcare disparity, children's health research or the social determinants of health, such as poverty or education.

Kennedy said in his address at Rice University, "We choose to go to the moon in this decade and do the other things, not because they are easy, but because they are hard, because that goal will serve to organize and measure the best of our energies and skills, because that challenge is one that we are willing to accept and one we are unwilling to postpone, and one we intend to win."

I want to close by suggesting that we need the same lofty ambition, the same single-minded focus and the same challenging trajectory if we want to significantly advance health and wellbeing of Canada's children. That lofty ambition, again, is to reduce childhood mortality by 30% over five years. That would mean saving 1,000 children a year across Canada.

On my recent visit to Johannesburg, South Africa, to work with our partners at the Nelson Mandela Children's Hospital, one of which is here in the audience today, I was reminded of Mandela's words. He said, "There can be no keener revelation of a society's soul than the way in which it treats its children." I want to ask each of you to hear these great leaders and to build on the principles of social justice that form the foundation for Canada's healthcare system to invest in our children's health and Canada's future. Thank you. ***Merci à tous.***

Q: What would be the hospital in another country that is most like SickKids in both its governance and the services it offers?

MA: Thank you for that question. SickKids is organized like many of the other great children's hospitals around the world in that it has an independent governing body that helps guide the children's hospital's strategy and holds management accountable. I would say our closest peers around the world would include places like Great Ormond Street in London, after which SickKids was actually created in some ways. In the United States, places like Boston Children's Hospital, the Children's Hospital of Philadelphia and Cincinnati Children's would be the organizations that we would see as our peers.

What distinguishes those places from many other healthcare institutions and other children's hospitals is the ability to bring clinical care at the very highest level, that is doing everything that, today, is possible, but also seeing the gap between what we have and what we need, and then having the power or the kind of research institute that we have at SickKids to find creative solutions to that gap, and then put those solutions into reliable practice through the educational programs that we have, which train not only the next generation of Toronto and Ontario's pediatric healthcare providers, but, through the partnerships that we have and the training programs that we have, spread that knowledge around the world.

Q: Hello, sir. This is Rakesh from Cadillac Fairview. We were discussing a lot of post-issues, like how we are going to deal with the issues. My basic question is how can we address most of the health-related issues by making children more aware at the schools of those small things like drinking water in the morning, those basic things, which can have future benefits? How we can inculcate them in our children through the school curriculum? Thank you.

MA: If I understand your question, you are asking how can we promote healthier activities and a healthier way of life by intervening much earlier in a child's life. I think that is a really important question and actually an important question to answer as part of an approach to reducing childhood mortality and improving wellbeing. Number one, I do not think there is a simple answer to that question. I would not purport to be an expert in the educational system. What I do see as being helpful when I look in other jurisdictions and even other parts of Canada, including parts of Ontario, is the connection between the healthcare system and the social care system that help drive an agenda about what the important things are to educate about; how to reach the people of influence around a young child's life in terms of not only their parents, but educators and their local healthcare providers, to be able to have a collaboration that is aimed at reaching whatever lofty objection is established, whether that is promoting earlier reading or whether that is promoting healthier lifestyles. I think that what is beginning to happen in other jurisdictions is a blurring of the lines between health and other parts of the social care system.

I mentioned the collaboration in Cincinnati Children's. They are working with all kinds of public-facing agencies in communities to try to identify what are the changes in lifestyle, behaviour, access to public services that would allow a child to not become ill and have to come to hospital. I took the statistics out of my talk in the interest of length, but that group recently published a manuscript that has had a lot of press where their public partnership across many different types of organizations, including school systems, were able to put together a number of interventions that reduced the hospitalization rate for children with asthma, a life-threatening condition of childhood, by 40% in the most impoverished socio-economic groups in their region. It was a partnership that blurred the lines between health and the social care system. I think that is part of what is necessary to drive the right kind of dialogue to address the kinds of issues that you have raised.

Q: Hi, Dr. Apkon. Abdulraheem from SickKids. I do have a question for you, something that came to mind, probably from a thought that we are probably in the back end of the OECD countries, primarily because of our 14 provinces. Nobody is willing to take accountability moving healthcare forward, which

makes it very difficult to pass either legislation or new efforts, such as building an EHR system that has been much easier in other countries. In moving forward with a moonshot goal, how do we build accountability, not only on a local level, but throughout the cascade of our provincial regulatory authorities, where we can have a sense of metric that people are held accountable to, so that we can see progress moving forward, which I think is one of the biggest challenges here in Canada?

MA: I think your question is a good one. I would say there are challenges here. There are also things that make it easier to organize the healthcare system and the connection between healthcare and social care in Canada compared to many other countries, particularly, if I look south of the border where there is a much greater degree of fragmentation and less governance and accountability around concepts like population health. I think one of the things it takes is alignment around a common objective. It is, in part, while I proposed this idea of a moonshot focused on mortality. It is a measurable, relatively quickly moveable metric that actually can be examined based on geography or socio-economic population or by disease, a child's condition. There are a lot of ways to kind of slice and dice that data to get insight into what things might make a difference. It is also the kind of thing where you can distribute the responsibility across different communities in different ways.

To address the issue, though, we have to start thinking in ways that blur our organizational and sector boundaries in some way. I was at a talk, the OHA HealthAchieve meeting a couple of weeks ago. One of the speakers was Dr. David Nicholson, who used to run the NHS (National Health Service). He was talking about governance in the age of healthcare transformation. What he said is, you have to organize your governance to get the kind of system that you want. If you want to address the health of populations, you need to think about governance and accountabilities that span populations and address the set of services that they need to have. I think there are lots of ways to do that beyond formally kind of amalgamating governance. The Kids Health Alliance that we have created is one way to create a strategic alignment and accountability among partners that commit to working in a particular way to advance a specific agenda.

I think that it is the boundaries that sometimes get in the way and however we can transcend those boundaries is going to be a part of the issue. That includes to address your thought about different provinces and different territories. That also means across provincial and territorial boundaries. There is no way for Nunavut to support the kind of specialized services that we have in Ontario. There just is no way to do that. The issue becomes how do you extend the specialized services from Toronto, Ottawa, Winnipeg and other centres that have specialized services for children into the north? We do that through telepsychiatry now. We support poison centres at SickKids for other provinces. We need to do that more.

I think there are ways for both federal and provincial governments to help. Some of it is organizations being willing to take on the mandate and the other part is the people who need to partner have to look at places like us as being able to help and being willing to help as opposed to the division of responsibilities being narrowly defined.

Note of Appreciation, by Kate Crawford, Partner, Borden Ladner Gervais LLP

Thank you, Mr. McIvor and Dr. Apkon. As was just mentioned, my name is Kate Crawford, and I am a lawyer at Borden Ladner Gervais, which is a law firm. I would like to thank Dr. Apkon for his thoughtful presentation.

We, at BLG, are proud of the special relationship that we enjoy with our hospital clients, and in particular with SickKids, with whom we have worked for over 60 years. We aim to deliver strategic legal advice and hope to help our hospitals protect their operations, to mitigate risks, and, most importantly, to move forward in the bold type of initiatives aimed at achieving the outcomes that Dr. Apkon described today.

I have had the great pleasure of working with Dr. Apkon and many of the outstanding team members from SickKids, who are here today, on several occasions. We are very pleased to be here today to sponsor this event and even happier to be working with the SickKids team. The leadership displayed by the hospital on both a macro and a micro level continue to impress us at BLG, despite our long-standing relationship.

Today, I listened carefully to Dr. Apkon's discussion of challenges facing the delivery of healthcare, including poverty, access to the north, and costs and what SickKids proposes to do to address these challenges. Let us respond to Dr. Apkon's call to arms to enhance and improve the health of Canada's youth. BLG is proud to be a supporter of SickKids, and we look forward to our contribution to this objective.

Thank you, again, to Dr. Apkon and to the Hospital and thank you to all of you today for attending.

Concluding Remarks, by Gordon McIvor

Thank you, Kate. Thank you so much. A sincere thank you, as well, obviously, to our sponsors, Borden Ladner Gervais and to NRC Health for making this event possible, today. Without sponsors like these great companies, the Empire Club lunches would not be possible. We very much appreciate your sponsorship.

We would also like to thank mediaevents.ca, Canada's online event space, for webcasting today's event for thousands of viewers around the world. Although our club has been around for well over a century, since 1903, we have moved into the 21st century and are very active on social media. We invite you to follow us on Twitter at @Empire_Club and visit us at www.empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram.

Finally, please, join us again for our upcoming events.

We are having quite a season this year. I think we have events almost every day this week and next. We are actually sold out tomorrow for Andrea Horwath, but I do want to let this audience know about an event next week because it is germane to the folks in this room: On November 27th, we will welcome Rob McEwen and Dr. Michael Laflamme at One King Street West. They will be addressing the future of stem cell research in Canada and its impact on our future well-being as Canadians. That concludes our meeting today. Thank you very much for your attendance.

Ladies and gentlemen, this meeting is now adjourned.

THE HONOURABLE ANDREA HORWATH, LEADER OF ONTARIO'S NEW DEMOCRATIC PARTY

WITH: WHAT'S NEXT FOR ONTARIO?

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

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November 22, 2017

Good afternoon. Welcome back, ladies and gentlemen. From the Royal York Hotel in downtown Toronto, welcome, once again, to the Empire Club of Canada. For those of you who are just joining us through either our webcast or our podcast, welcome, to the lunch. It is now my pleasure to introduce our Head Table Guests. I would ask that each of you rise when your name is called.

If you could hold your applause to the end, that would be great, but if you feel compelled to clap, go ahead. We support that as well.

HEAD TABLE

Distinguished Guest Speaker:

The Honourable Andrea Horwath, Leader of Ontario's New Democrat Party

Guests:

Ms. Megan Boyle, Director, Public Affairs, Red Bull Canada; Director, Empire Club of Canada

Mr. Kent Emerson, Associate Vice President, Municipal and Stakeholder Relations, Municipal Property Assessment Corporation; First Vice President, Empire Club of Canada

Ms. Taylor McKenna, Advisor, Government Relations, Bruce Power

Mr. James Scongack, Vice President, Corporate Affairs and Environment, Bruce Power

Mr. Robin Sears, Principal, Earnscliffe Strategy Group; Past President, Empire Club of Canada

Ms. Marit Stiles, President, Federal New Democratic Party; Trustee, Ward 9 Davenport), Toronto District School Board

Mr. Matthew Thornton, Vice President, Public Affairs & Communications, Ontario Real Estate Association

Once again, my name is Paul Fogolin. I am the Vice President of Government & Industry Relations for the Federation of Rental-Housing Providers of Ontario—another mouthful—and a Past President of the Empire Club of Canada. Ladies and gentlemen, your Head Table.

If I have done my math right, there are 197 days until the next provincial election. Do not go on your phones and check. It is abundantly clear, however, to anybody who is paying attention, that election season is upon us. Political ads have hit the airwaves; our social media feeds are inundated with ads a well; town halls are fashionable once again; and all three political party leaders have hit the hustings, eager to convince Ontarians that their plan is the right plan.

I would like to quote the Dalai Lama, a very wise man who also happens to wear lots of orange—nice coincidence. He once said, "In order to carry a positive action, we must develop a positive vision."

It is a great privilege to have Andrea Horwath, the Leader of Ontario's New Democrats, here with us today to share her vision of what is next for Ontario. She will start with a speech from this podium, followed by a fireside chat—just picture a fire over here—with our good friend Robin Sears.

Andrea, since early in her career in community development to today, has always believed that government should be about giving people the opportunity to build a good life no matter where they live in Ontario or when they made this province their home.

Born and raised in Hamilton, Andrea was elected to Hamilton City Council in 1997, and then as MPP for Hamilton Centre in 2004.

Ladies and gentlemen, please, give a very, very warm welcome to Andrea Horwath.

The Honourable Andrea Horwath

Good afternoon, everyone. Bonjour tout le monde. Thank you very much for the introduction. I appreciate that.

Nineteen-ninety-seven was my first election. That is 20 years in politics, for me, this year. I am thrilled to be here with you to celebrate that 20 years. I think last week was the official anniversary of my first election.

Before I get into my formal remarks, I do want to acknowledge that we are meeting, today, on the traditional territory of the Mississaugas of the New Credit, and I want to take a moment to thank all of you for being here this afternoon.

The Empire Club has an incredible history. For 114 years, this institution has been at the forefront of debate on the most important issues facing our country and facing our province. Today, as Ontario's NDP Leader and as the woman who wants to lead our entire province forward, I am honoured to be able to talk about our future and where Ontario goes from here.

We live in an incredible place. The city we are in today is one of the envies of the world. Would you not all agree? One of the envies of the world, Toronto.

Of course, this city is on the verge of becoming one of the great metropolises of the globe. People around the world actually want to live here. Young people want to move here. Families want to do everything they can to give their children every opportunity to succeed and thrive right here in Ontario.

I have got to tell you, I love this province.

That is what drives me each and every day, because I believe we can build an even better future for everyone who calls this province home. I think we can do more to support our families, our communities and our young people. We can grow our prosperity and ensure that everyone shares in the benefits of that prosperity. To do that, we need to recognize that our economy is changing fast. This economic shift presents both opportunities, but also challenges for Ontario and for our next government.

Today, too many businesses face barriers to investing here, barriers to investing and barriers to creating jobs. For millions of employees, work is just not what it used to be. A security that used to come with full-time work simply is not there anymore for far too many people in Ontario. In the face of these challenges, the question that millions of people in this province are asking, today, is What comes next for Ontario? What comes next for our great province? What kind of leadership do we need to move this entire province forward and make sure that Ontarians see tangible benefits as our economy shifts instead of being left behind?

I believe that the next government, one that I am running to lead, must be guided by three priorities when it comes to our future and our economy. These are priorities that I want to share with you today, because true leadership, in my humble opinion, true leadership is all about telling people what you are going to do and then actually doing it.

The first priority, for me, is this. We must ensure continued economic growth here in Ontario.

I would think most people in this room would agree with that. We must continue to see economic growth for our province. Instead of cutting services, cutting investment and cutting jobs, as some would suggest, we must invest to grow our economy and build on what is already working. We must make critical infrastructure improvements and investments from broadband to transit. We have to build infrastructure that our growing province needs, like delivering express rail, for example, from Toronto to Kitchener-Waterloo.

The lack of fast transit options, the lack of a speedy way to get back and forth between our Innovation Corridor in the Kitchener-Waterloo area is standing in the way of investment and growth. I hear it every time I am in Kitchener-Waterloo. The concern continues to grow that we have not gotten to that point yet where we can connect that corridor with this great city. Let us do something about it. Let us actually do something about it. Let us get that job done.

As we invest in infrastructure, we must also provide investment in sustainable development, in sustainable infrastructure investments that support regional industries and that support the innovation clusters that we have sprinkled around our province. We need not only to welcome investment—we need to certainly do that—but we do not only need to welcome investment, we need to invite it. We need to pursue it. We need to aggressively make the case for Ontario, which I believe is one of the best places in the world to invest. From auto, manufacturing, film and television sector, to research and development, to agriculture and agribusiness.

[Remarks in French] Notre croire en soi économiques est très important.

To secure our future growth, we must also take a hard look at what is not working in Ontario, and we have to be up front about that. What is not working in our province? As we identify what is not working in our province, then we have to commit to doing something about it. That brings me to my second point. I believe that the success of middle-class families is the most important measure of our prosperity. More than ever, people need to have a premier who is actually working for them.

I think of the mothers that I have met in this city, in particular, who have taken the time to take me aside and open up to me about what they are going through, tell me their stories, their challenges, what everyday life looks like for them. Many of those moms are working two and three jobs just to get by. They are working two and three jobs just to put food on the table for their kids. There are so many people in this province who are in exactly that same situation, working long hours, but finding it harder and harder just to make ends meet. Just take a minute and think about folks who are in that situation.

When politicians like me and others talk about the rate of GDP growth for our province, it means nothing at all to people who are struggling to get by. It means nothing to folks who feel they are doing everything they possibly can. They think that they are doing everything right, and yet, they still cannot get ahead. People start thinking that government and the economy just cannot work for them.

They feel let down. People start to feel like things just cannot get any better, and they lose hope.

When I hear that sense of disappointment in people's voices, I look them in the eye, and I assure them that it does not have to be this way. It does not have to be this way in our great province. It absolutely does not. We can have leadership that gives people hope again.

We can give people the tools to build a better life for themselves with better jobs, better wages and more benefits. I am passionate about this. I passionately believe that this is the case, that we can do so much better in this great province. As we grow our economy, government must deliver results that have measurable, positive impacts on people. As we grow our economy, government needs to ensure that our economic progress helps fuel reinvestment in Ontario's people and families.

That is why I have laid out my plans to partner with cities, cities like this one that we are in, cities like Toronto, to provide crucial provincial leadership that has been lacking for far too long. We have to support moms and dads by investing in affordable childcare. We have to help families find housing that they can afford by investing in things like social housing and by doing more to help people realize their dream of home ownership. We must deliver a world-class transit system by restoring provincial operating funding to the TTC and public transit systems across Ontario—funding that, you may know, was cut by the Conservative government many years ago and was never reinstated by the Liberal government. That extra funding for transit systems will do a heck of a lot to improve our transit systems in this great city, as I said, and around the province, and it will also help municipalities to provide better services for the people who use transit.

You will also remember that the Conservatives also decided way back then in the '90s that they were going to cover in a hole that was being built, a tunnel that was being built for the Eglinton subway. We know where Conservatives are when it comes to transit investments. They are not very supportive. We certainly cannot go back to that next time around because those kinds of cuts are extremely irresponsible. They take the wind out of our sails as a city and as a province. They hurt the very people who live in this city who need to see that the premier of this province is working for them.

This is why my plan is focused on solving real problems and making things better for people and for businesses that are the backbone of our economy. It is why New Democrats have a plan to lower hydro bills by 30% for families and businesses. It is why I believe that the province's business support programs should do a much better job of supporting small businesses to create good jobs. It is why we have to fix our procurement processes and policies, so that Ontario's homegrown businesses can actually qualify to bid for, and actually win, some of the contracts that come from the Government of Ontario.

I want Ontario's homegrown success stories to thrive. That means taking down the barriers that prevent a level playing field. Ontario's families and businesses must see and feel the benefits of our economic growth. I do not think that is too much to ask for. That is my focus.

As we continue to grow our economy, and as we ensure that the people see the benefits of growth in their own lives, we must do more to prepare Ontario for the future of work.

This is the third crucial priority that guides my thinking on the economy. I think you would all agree that the pace of change that we are seeing is only accelerating. People no longer spend their entire careers with one company. Many workers are very, very mobile, much more mobile, much more flexible, but they are also working without the security and stability that people need to build a good life for themselves and for their families. Traditional industries are being disrupted faster than ever as new industries emerge and exert huge influence on the future of our economy.

Our next premier cannot let these opportunities or challenges go unanswered. As new jobs demand new skills, we have to get our labour market policies right, starting with more support for work integrated learning. I want to see a future where every young person is able to graduate from college or university with experience under their belt, experience under their belt in their chosen field. I hear from too many young people who finished their studies, and they are out into the workforce only to be turned back by potential employers who say, "You have a great academic history, but you have no experience; come back when you have some experience." Very disheartening for young people. I want to see a future where those young people actually get their foot in the door of an employer upon graduation, and I want to see a future where every single employer can find new grads with the experience they need to contribute to their teams from day one.

A government that I lead will do more to support opportunities that people need to fully participate in our changing workforce. That work can only be done in partnership with you, the businesses, the labour organizations, educational institutions and professional associations of Ontario every step of the way. As we prepare the new workforce, we must also meet the new needs of that workforce. With more and more people working without health benefits, as they hopscotch back and forth to different employment opportunities, and employers, on the other hand, continuing to see the costs of drug benefits increasing, the evidence, I think, is very clear. It is time for government to step up and deliver universal prescription drug coverage, not just for young people, but for all Ontarians. It is necessary now.

I have to say, I am really proud of my party for being the only party that has a plan to do exactly that. Pharmacare for everyone means lower costs. It means lower costs for businesses. It means lower costs for direct payers. It means less worry for people, and it means better health for our population and our workforce. With our plan for universal prescription drug coverage, not only will every Ontarian have access to the medications that they need, but we will also help Ontario's businesses save at least $800 million per year in employee drug costs.

Pharmacare for everyone is a win-win for families and for our economy. It will help the bottom line for businesses, and it will help the people of this province. It is absolutely a necessity for our changing economy. That is exactly the kind of positive change that we need to see here in Ontario. That is why it is at the heart of my plan to grow our economy and to make sure that Ontarians see the benefits of that economic growth.

What comes next for Ontario? As I said, this is the crucial question that millions and millions of Ontarians are going to be asking themselves. I believe the choice is becoming increasingly clear. A better future is possible in this province if we have the right leadership with the right priorities. That is why we must continue to grow our province and build on the successes that we have been able to achieve thus far. We must also ensure that middle class families see more of the benefits in their own lives, and we must make smart steps to prepare for the changing workforce, so that Ontarians can thrive instead of being left behind.

This is the vision of hope and opportunity that I will be offering to the people of Ontario over the coming months. These are the economic priorities that guide my decisions and the decisions of my team. This afternoon, I have to say that I am thrilled to share all of that with you. I know that the formal part of the remarks are done, but we do have a great opportunity to have a little bit more of a dialogue, which I look forward to, so I am going to get right into that discussion by inviting Robin Sears up to the stage with me.

Thank you for your kind attention during my prepared remarks. ***Merci beaucoup.*** Thank you very much.

The Honourable Andrea Horwath with Mr. Robin Sears

RS: Andrea, you mentioned at the beginning that this is your 20th anniversary in politics, but to my mind, an even more impressive anniversary is that, I think in March, you will be celebrating a 9th anniversary as party leader.

AH: True.

RS: There are probably people in this room that do not know what an unpleasant job being an opposition party leader is.

AH: Being the third party, never mind.

RS: I used to say when I was in harness, "I get to stay in every crumby motel from one end of the province to the other." How do you do it? What drives you? What keeps you going?

AH: What really drives me is the energy that I get from people. I have had the honour and the privilege of doing this for nine years, as you said—almost. But to every part of Ontario that I go, Robin, I meet people that are amazing. Whether that is a young immigrant family trying to make it in Ontario, whether that is Syrian refugees who are trying to stabilize their families and begin to build a life here, whether that is someone here on Bay St.—a mogul in terms of the business community—or whether that is a steelworker in Hamilton, people in this province are wonderful. They are amazing people.

I really do draw my energy from them, from their hopes, from their dreams, from their concerns, from their ideas. After all of these years, I am still not tired. Believe it or not, I am still not tired of meeting all the great people of this province and trying to find, with them, the solutions that will make life better for them.

RS: I think another thing a lot of people may not know about you is that behind that winning smile and charming personality is a stainless-steel spine. Andrea got to every level of her career over the resistance of older white guys, mostly, I say with some blush. She won every rung up the ladder on her own initiative. If you believe that leadership is about character, I think you have demonstrated character.

AH: My dad used to say I have the constitution of a horse. I do not know if that was a compliment. He used to say that to me.

RS: How do you deal with the tensions of the job and the tensions in a caucus and the attacks from all the usual suspects? What keeps you going through that?

AH: There are a couple of things. I try to get to the gym in the morning just to reduce the stress. That is important because it is both mental and physical. I have a son who is in my basement, still. It is a whole other story. I am not going there.

RS: That is probably part of the training.

AH: Yes, that is my key on the training part. We have a great little dog. Dogs are always good. Nobody does this kind of job alone. Nobody does this kind of work alone. I was talking about the strangers that I meet over the years and that I have been able to connect with. I also have a great team of staff and of MPPs that are very supportive. Yes, there are sometimes tussles in our caucus, and sometimes our MPPs are not as disciplined as you might want them to be, but they work really hard. We have a vision for the future of this province that we all very much believe in and that, although sometimes is very wearing to try to do the work necessary to realize that vision, having that vision and knowing that there are teams of people that are on your side and working towards the same vision, including the great people at the NDP in terms of the party folks as well and the membership that we have across the province, helps with the stamina. It helps you with your stamina, for sure.

RS: Let us talk about a couple of policy things just briefly. I do not think I have ever seen a Government of Ontario leave office bragging about its success with Ontario Hydro or power. To put it politely, that is not usually one of the bragging rights that governments go out of power with, which says two things, I guess. It is very hard to get right, because everybody has had challenges, and also that it is really hard to make change successfully. How would you fix the problems that you have inherited to reduce the cost of power?

AH: First and foremost, I think it is of a concern to us that the current government went ahead against the wishes of 80% of Ontarians and sold off Hydro One. Folks did not want to see that happen. At the same time as the privatization has occurred, we have, again, continued to see rates increasing. We just had the government put together a $40 billion plan to give temporary relief to people on their bills, which was not very wise, financially.

Then, of course, we see a long-term energy plan that just was recently made public that shows that, in fact, bills are going to go up pretty soon. In a very worrisome piece of that plan, it shows that industry, industrial rates, particularly, are going to go up between 40% and 50% within the next ten years. I do not think people can afford that. I do not think business can afford that. I do not think industry can afford that. People's bills are going to be going up about 43% within a short period of time as well. That is not a responsible way to manage the system.

We have been very bold. Folks in this room might know that we have been pretty bold in our plans when it comes to Hydro One. We believe that Hydro One should be operating in the best interest of Ontarians, not the best interest of shareholders. Our pet plan to bring hydro rates down by 30% includes bringing Hydro One back into public ownership, which we would do over a period of time, utilizing the dividends, the ones that are still accruing to the province as opposed to the shareholders. That will take us some time, for sure, but we will bring it back into public ownership.

We have also looked at the system to try to figure out the other ways that we can provide some relief.

Some of those include eliminating the time of use, mandatory time of use pricing, ensuring that the delivery charges, the delivery rates are equitable across the province. We know that rural and remote communities and smaller communities really take the hit on delivery charges, so we are going to equalize those.

We also know there is a lot of excess power in our system, and we know that the government is not getting top dollar for that excess power. There are two pieces there. There is one piece around making sure that as contracts come due for renegotiation and renewal—and we know that there are many that are coming for renewal within the first couple of years after the election that is coming next year—we will look carefully at whether we need that power. Do we need to re-sign some of these contracts?

The other piece is finding a more efficient way, a more effective way, really, of getting our power to market. Other jurisdictions have put in place different tools to market the energy to their customers over longer term contracts giving them a better price. We are going to look at some of those things as well. In fact, our plan is online. It is available for people to look at. We spent almost a year trying to put it together and figure out with experts what opportunities we had. Those are the big pieces. I am sure there are others as well. We are still going to try to get the federal government to come to the table on the federal portion of the HST.

RS: Let us talk about another area where federal-provincial cooperation is traditionally essential. How can you do a pharmacare plan in one province, if Ottawa does not step up to assist with a national formulary, national pricing structure? How do you make it feasible for even a province as big as Ontario to go it alone?

AH: Again, we have had the advice from the top national expert in the pharmacare realm. He has helped us with our plan. In fact, we believe that we can. It is the same way that Tommy Douglas brought Medicare to Canada, which was through an initial province. He did that work, and then it was spread across the country. When we look at Ontario, there are almost 14 million people. That is a huge population to bring online for Medicare. What our plan would do is provide, initially, just initially, the most commonly prescribed drugs for the most common ailments as the first initial process. That will do a number of things. It will create a lot of space in terms of companies, particularly, businesses and even government that are already covering those drugs through drug benefit plans, and so that will either create savings and/or more room in those plans to provide other kinds of benefits—$800 million. The plan, itself, $475 million, which is a one-third of 1% of Ontario's budget, one-third of 1%, $475 million. Financially, it is doable.

RS: It is feasible.

AH: Absolutely feasible. Hopefully, what we will end up with is the pressure coming from other provinces, then, to the federal government to expand the plan. There is no way that here, in this day and age, particularly, as I said in my remarks, when you see how rapidly our economy is changing, when you hear terms that have been coined, now it is the gig economy. There are lots of people who do not have full-time jobs, who are cobbling together all kinds of different contracts. Some of those are in our college system. That is a whole other story we are not going to talk about. The reality is that it is time to actually look at how we create an environment where that kind of work is sustainable for families. This pharmacare plan is part of that. The savings are going to be amazing, but it is also going to take a lot of stress off of families and a lot of pressure off of families. It is going to take stress and pressure off of our healthcare system as well and off of our hospital system. There is no way, in this day and age, that people should be going to the doctor with an illness, be written a prescription and then walk out of that doctor's office knowing full well that they are not going to be able to fill that prescription. It should not be happening.

The last piece is that when you think about 14 million people, that is a huge number. That number, alone, is going to help us when it comes to negotiating drug prices as well. That is another savings that we will get.

As I said in the remarks, it is a win-win situation all the way around. That is W-I-N by the way. We are looking forward to the opportunity to be able to bring that to Ontarians. As time goes on, the number of drugs covered will change. It will grow.

RS: Finally, let me frame the 197 days ahead of you.

AH: Thanks for that reminder.

RS: You are the veteran. You are the most seasoned performer on the circuit going out this time. You are the one who has seen more of the challenges of being a leader in an election campaign than either of your competitors. What do you want voters to see, or, as spin doctors would say, what is the ballot question, for you?

AH: I do not even know that we have a ballot question, yet. I think that ballot question comes a little bit—

RS: What would you like it to be? What do you want people to judge?

AH: I am hoping that what people are looking at this time around is what is next for Ontario, that they are taking a real hard look at what is next for Ontario. We are hearing a lot of disappointment. Everywhere I go now, I hear a lot of disappointment in the current government. It has been 14 years. People are pretty disappointed on a number of different levels for a number of different reasons. In some places, that disappointment can more accurately be described as anger, frustration, but it is pretty much everywhere now. It used to be—and James and I were just talking about this a little earlier—that when I traveled to Northern Ontario or Southwestern Ontario, you would get that sense of we are done with the Liberals. We are hearing that now pretty much consistently everywhere. It is not just about that. It is not just about getting rid of the current government. It is about what is next? What comes next for this province, and how do we continue to move the province forward? How do we make sure that some of the good things that have happened are continuing on so that we continue to get the benefits of some of the positive changes we have seen, while we then use that as a platform to move the province forward? That is why we are bringing forward ideas around pharmacare, around hospitals, around work-integrated learning and flexible workplaces. These are things that we think are important for the future of the province.

RS: I think you have outlaid a great vision. Now, I think it is the audiences turn to ask some questions.

Questions & Answers

Q: Always a pleasure, Andrea, to hear your vision for the province. I am Harvey Cooper with the Co-op Housing Federation of Canada. You mentioned in your chat with Robin that your son is, like many others, living in their parents' basement. I believe one of your remarks was helping partnering with cities to try to give people more opportunity to find a place they can afford. Maybe you can give an opportunity to spell out a little further what your party will

do to address those affordable housing challenges that are affecting a wide spectrum of Ontarians, not only low- and modest-income earners, but middle- and even upper-income earners. Thank you.

RS: Thanks, Harvey. Thanks for the question. You have raised a great point. It is very worrisome. We see so many young people who do not even think that they will be able to buy a house. I have talked to people in their early twenties—my son not included—and mid-twenties, who are saying that they are not even thinking of looking for a permanent relationship, settling down, starting their own family. They are putting those decisions off. They have made conscious decisions to put those decisions off until they are 30 or older. We see so many young people, and people generally who had a hope to kind of maybe move back to the neighbourhood that they were raised in, and that hope has been dashed over the last couple of years.

We have, on a number of levels, real concerns around the housing situation. It goes everything from the private market system and homeownership where we are still concerned about the cost of owning a home, the cost of buying into the market, as it stands. We are still concerned about the impacts of property flipping and people buying up properties as investments as opposed to people who are buying to live in those homes. We are concerned with what that does to neighbourhoods, what that does to the stability of neighbourhoods.

We have seen what happened in Vancouver in terms of what that did to their local economy where all those condos were sitting empty. That is not a good place to be. We are certainly aware of needing to address some of those things, but then we also have a social housing stock that has not kept up with the needs of people at the lower income level. We have made a commitment already to be there with municipalities on the repair backlog that exists for social housing. There is no way that this city should be in a situation where it is contemplating shuttering hundreds of units while there continues to be 100,000 people on the waiting list for social housing. It does not make any sense. We know that the downloading occurred under the Conservative government when it comes to social housing. I was on city council at that time, in Hamilton. We were sounding the alarm bells even back then that that housing did not come with appropriate maintenance and replacement reserves.

Now, here we are, fast forward 20 years later, and the cities are in a pickle. We have made the commitment to be at the table with one-third of the funding for the repair backlogs, not only for Toronto, but for the entire province.

There is also the middle. There is that middle ground where there is still a lack of opportunity for people. I am not talking about the higher-income folks or necessarily the lowest-income folks, but just getting in your door, getting in the door to get to your first condo or your first unit is still problematic.

There are a couple of things. Some of that is on the supply side, but some of that is also on the stability of work side as well. I think these things all go together. When young people are facing uncertainty in terms of their jobs, uncertainty in terms of their economic stability over time, they are less likely to jump into the housing market. There is a lot of, I think, solutions. There is not just one silver bullet. I think that is naïve to think that there would be, but certainly we are keeping an eye on all of these things and looking for the solutions, some of which we have already announced. Thanks, Harvey.

Q: Hi, Andrea. It is Karen from ETFO. A strong and prosperous Ontario includes a vibrant education system, one which works for all Ontarians. Can you just share a little bit for us what you envision as a strong publicly funded education system?

AH: Sure, Karen. Thanks for the question. We have been concerned by the education system here in the province and what is happening to it. We see schools closing, and, sometimes in neighbourhoods, which is quite interesting: We see schools closing in neighbourhoods in this city, for example, where you will never be able to build a school again in that neighbourhood because the price of property has gone up so high that losing a school in some of these Toronto neighbourhoods is not just about today and how many students are here today, but how are we going to have that asset, that public asset for the future?

Then, you have the rural schools in rural communities in smaller town Ontario where kids are being put on—kids who are little, who are like five and six years old—buses for literally an hour or more to get to school, and then an hour or more to get back. That is not great either. Just aiming in terms of the infrastructure, we have some real problems. We have a backlog of maintenance in our schools and as a person that is an educator yourself, you will know that that backlog means that there are kids in the winter that are actually at their desks with coats and mitts on, and, in the sweltering summertime, they are fainting from the heat. There is, again, on the infrastructure side, real issues there.

Then, we also see a school system, at the elementary level, and at the secondary level, where resources have been withdrawn and pulled away. Again, we were talking at our table here a few minutes ago about the challenge of supporting students that need extra help and how those supports have been frittered away, how they have been reduced as school boards have been trying to deal with the lack of funding to meet the needs of students. Yet, we know that the number of young people and children, particularly, who are being identified with learning challenges and exceptionalities, is growing. At the same time that we see children needing more help in the schools, we see less provision of supports by the government. We are really, really concerned about that. We believe that every child should be able to reach their full potential through the support of the dedicated people that work in our public education system, and we need to make sure that that public education system is able to provide those supports for those kids.

We have issues around the EQAO testing regime, real concerns about that, about whether or not it is actually effective for young people, whether it actually really provides anything other than numbers for the government to work with. We know it provides a great deal of stress, both on educators and, importantly, on students and their families. We are looking hard at where we need to make improvements to our education system.

I know that we engage with educational workers and their unions on a regular basis to make sure that when we form government next year, we are doing things that improve our education system, not only for our children, not only for our families, but for our economy as well, because those young people, then, are the people that are going to be required to be the workers and the thinkers and the aspirational human beings that move our province forward over time. Really, for us, for New Democrats, the education piece is extremely important. I look forward to engaging with ETFO and others as we get our platform finalized and as we form government and begin to bring some serious improvements to public education.

RS: I think we are getting the hook. Thank you very much.

Note of Appreciation, by James Scongack, Vice-President, Corporate Affairs and Environment, Bruce Power

Just to wrap up the luncheon, it is my honour to thank ne Leader and Robin for the great conversation. I thought would take a bit of a different approach to the thank you, oday, if that is okay, Paul. Paul is looking nervous thinking, What the heck is this guy going to say?"

We talk about the election campaign being 190-something ays away, and we talk about a lot of these issues. Andrea nd I were talking at the table about Bruce Power being a ompany in rural Ontario and about some of the differences etween challenges in urban Ontario and rural Ontario. And think that a conversation on those issues is really important, ut one of the things, that really I want to say in terms of nanking the Leader is we need to remember that behind elecon campaigns and behind all these conversations, there are eal people that are putting their name on a ballot, whether it in the third party, the official opposition, absolutely.

It is very easy for us to sometimes forget about that. While nost of us in this room love to be observers of the process, ot many of us in this room have our names on the ballot. If could just ask everybody to stand up in the room who is an IPP or is putting their name on a ballot in the next election, nd let us give them a round of applause for their public serice. If anybody else wants to declare, there is a podium up ere. You can come over right after. Anyway, that is all I want to say. Thank you, Andrea, for the conversation. Thank you all those folks who stood up for your public service, and I am really looking forward to an active debate over the next 190-something days. Thank you very much.

Concluding Remarks, by Paul Fogolin

I think I saw a few people start to get up and then sit down a little bit at the back there. We are about to wrap things up. Thanks, again, for Bruce Power, our generous sponsor, as well as the Ontario Real Estate Association, as our VIP sponsor. We are a not-for-profit club, and we simply could not host these lunches without sponsors. A warm round of applause for them, please.

Although our club has been around since 1903, we have moved into the modern world and we are on Twitter, Facebook, LinkedIn. I think we have a Snapchat account. I do not use it, but I think we have one at the Empire Club. Pretty impressive, so, please, check us out.

Our next lunch is November 27th. Mr. Rob McEwen and Dr. Michael Laflamme will be talking about advances of stem cell research. That will be at One King West.

Thank you, again, for your attendance today. The meeting is now adjourned.

Have a wonderful afternoon

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MR. ROB MCEWEN IN CONVERSATION WITH DR. MICHAEL LAFLAMME

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

November 27, 2017

From the One King Street West Hotel in downtown Toron- o, welcome, to the Empire Club of Canada.

Before our distinguished speakers are introduced today, it gives me great pleasure to introduce our Head Table.

I would ask each guest to rise for a brief moment and be eated as your name is called. I would ask the audience to efrain from applause until all of the Head Table Guests have been introduced.

HEAD TABLE

Distinguished Guest Speakers:

Dr. Michael Laflamme, Robert R. McEwen Chair in Cardiac Regenerative Medicine; Principal Investigator, McEwen Centre for Regenerative Medicine

Mr. Rob McEwen, Chairman and Chief Owner, McEwen Mining Inc.; Co-Founder, Goldcorp Inc. and the McEwen Centre for Regenerative Medicine

Guests:

Mr. Ron Aiello, Head of Institutional Equity Trading, Haywood Securities Inc.; Registered Representative, Haywood Securities (U.S.A.) Inc.

Ms. Vivien Clubb, Head, Marketing and Communications, IBK Capital Corp.

Mr. Alok Kanti, President and Chief Executive Officer, Bayer Inc.

Mr. Don Linsdell, Partner, Assurance Services, Ernst & Young LLP

Ms. Cheryl McEwen, Co-Founder, McEwen Centre for Regenerative Medicine

Mr. Michael Melanson, Partner, Bennett Jones LLP

Mr. Graham Moylan, Head, Canadian Investment Banking, Cantor Fitzgerald Canada
Corporation

Mr. Derrick Rozdeba, Vice President, Communications and Public and Government Affairs, Bayer Inc

Mr. William White, Chairman, IBK Capital Corp.; Director, Empire Club of Canada

My name is Barbara Jesson. I am the President of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table.

We are pleased to welcome students from Centennial College. Thank you, IBK Capital Corp., for sponsoring our student table today. Students, please, rise and be recognized.

I was catching up on some reading on a flight last month, and I came across an interesting story about Canada in The Economist. Apparently, we are the world leaders in artificial

telligence. Who knew? The article began by asking how
is breakthrough emerged in the land of moose and maple
rup and went on to describe the culmination of factors that
ave given us this edge in a field that has captured public in-
rest.

The Economist could well have a similar reflection about
ur leadership in stem cell research. I share Stephen Hawk-
g’s watchfulness with regard to AI: HAL filled me with
ough terror for two lifetimes with ‘I’m sorry, Dave; I can’t
that.” But I have no such qualms about stem cell research.
Canada, it began with biophysicist James Till and cellular
ologist, Ernest McCulloch, who published their studies on
e incredible potential of stem cells in 1961. Together, they
pened the door to a flood of research into regenerative medi-
ne and invigorated the biomedical industry in Canada.

With stem cells, Canada finds itself on the cusp of innova-
on. Through both industry regulation and legislation, Can-
da has created an environment where research can flourish.
tem cell research was revolutionized in 2006 with the devel-
pment of a technique to transform a normal, adult skin cell
to a stem cell. The discovery of this method, called ‘induced
luripotent stem cells’—say that twice—vastly expanded the
pportunities for stem cell therapies.

The McEwen Centre for Regenerative Medicine, part of
HN in Toronto, has become a leader in the field. Today, stem
ll research at the McEwen Centre is based on the work with
nbryonic stem cells, iPS cells as well as adult stem cells.

The really wonderful thing about the McEwen Centre is that it is applying bench-to-bedside science to medical solutions today for patients with diabetes, heart disease, disorders of the blood and neurodegenerative disease. McEwen scientists were first in the world to pioneer the use of gene therapy to recondition donor lungs for transplant. They were the first in the world to identify heart progenitor cells from human embryonic stem cells, and they have become world leaders in the creation of beating heart cells for research worldwide.

Several years ago, I had the privilege of touring the McEwen lab and there is no way to describe for you the awe of seeing beating cells in a petri dish. I say fie to those touting the miracle of artificial intelligence. The real mysteries of life are being discovered right here at the McEwen Centre. All of this science is bringing us closer to new treatments for the most pressing medical challenges of our time, including heart disease, Alzheimer's, Parkinson's, diabetes and cancer.

Our three guests today are from the frontiers of this exciting push into research and treatment. We are honoured to be joined in conversation this afternoon by Mr. Rob McEwen, Dr. Michael Laflamme and Cheryl McEwen as well.

Mr. McEwen is the Chairman and chief owner of McEwen Mining Inc., a recipient of the Order of Canada and a member of the Global Advisory Counsel for the International Society for Stem Cell Research. Together with his wife, Cheryl, Rob has donated more than $50 million to encourage excellence and innovation in healthcare and education. Their donations have funded the establishment of the McEwen Centre for Regenerative Medicine and the McEwen Leadership Program at St. Andrew's College, among other schools and programs.

Cheryl McEwen is the Vice Chair of the Toronto General Hospital Foundation, the President and CEO of Make My Day Foods Inc., and the Co-Founder of the McEwen Centre for Regenerative Medicine. We are very grateful to both of them for being with us.

Dr. Laflamme is the Robert McEwen Chair in Cardiac Regenerative Medicine at the University Health Network and a Senior Scientist in the Toronto General Hospital Research Institute.

Dr. Laflamme completed a postdoctoral fellowship in the laboratory of Dr. Charles Murry, investigating the role of exogenous and endogenous stem cells in myocardial repair. His independent research career has been largely focused on the development of cell therapies based on human embryonic stem cells, and his laboratory has made many important contributions in their work with pluripotent stem cells.

Dr. Laflamme has been the recipient of honours, including the Society for Cardiovascular Pathology Young Investigator Award, the Perkins Coie Award for Discovery and the American Society of Gene & Cell Therapy Outstanding New Investigator Award.

Please, join me in welcoming Mr. Rob McEwen, Ms. Cheryl McEwen, and Dr. Laflamme to our stage.

Mr. Rob McEwen and
Ms. Cheryl McEwen with Dr. Laflamme

RM: Good afternoon. Waiting times are a big issue—waiting times to see healthcare professionals, waiting times for operations. Raise your hand if you want shorter waiting times. Almost everyone. It is important to understand that waiting times are just a symptom; they are not the cause. The root cause of the strain that our healthcare system is under is money. It is money that the government does not have. It is money that in the future with soaring healthcare costs and other priorities. Unless we do something about it, unless we demand a change and look for other answers, we could have rationing of healthcare in this country, meaning there are certain things you will not get done or you will have to go somewhere else and pay for it.

In 2002, Cheryl and I spent a lot of time in the hospital. Early in the year, one of my sisters died. She was three years younger than I was. Four months later, my mother died. We saw a lot of the problems and the strain firsthand. It was really a wake-up moment. We decided that we would like to contribute to see if we could find a cure, a solution to some of these problems to improve healthcare for all Canadians. That was going to need something to address this growing problem. At that point, we decided to invest in regenerative medicine and stem cell research, and we funded the McEwen Centre for Regenerative Medicine.

In 2007—in January of that year—we attracted Gordon Keller, from New York, to join as a Director. He is a superstar in the field of regenerative medicine. New York Magazine, at the time, named him as one of the six people, one of the six doctors that New York City could not afford to lose. As Toronto, we benefited getting that talent here. Since Gordon has arrived, he has attracted strong talent from around the world, and we have many superstars in our organization now, and they are doing great things advancing the frontier of medicine.

Last December, there was a very exciting moment for the entire stem cell world. One of the largest commitments ever made to stem cell research was made by the German pharmaceutical company giant Bayer AG. They and their partner, Versant Ventures, formed a company called BlueRock Therapeutics that has an office here in Toronto in the MaRS Tower. They committed $225 million (US) for stem cell research because they believe that commercialization of this research is near at hand, and it will be an endeavour they want to be very strong in. Their objective was to fund the best research in the world. Their first stops were Toronto, New York and Boston.

I am delighted to say that of the two people that are key in their program, Dr. Laflamme and Gordon Keller, we are going to hear from one today: Founding investigator Dr. Mike Laflamme.

You are also going to hear, today, about regenerative medicine, that it holds out the promise to profoundly change the delivery of healthcare. It is now my pleasure to introduce my wife to tell you more about regenerative medicine.

CM: Thank you, Rob. Good afternoon, everyone. I have a question, just like Rob had a question. I have a question: Why cannot Canada lead in stem cell therapies around the world? As Rob has stated, we have a healthcare crisis. The baby boomers are about to descend upon our hospital at an alarming rate. We need solutions. We cannot change medicine or provide new therapies without research. We need to understand the body at a cellular level. We need to replicate conditions of disease, models in order to stop, reverse, repair, or even cure those conditions or diseases. We need to develop less invasive ways to treat or regenerate our organs without actually having to replace them.

The good news is all of that is happening at the McEwen Centre. You will hear, today, about an exciting journey to provide new therapy to treat heart disease and how it can be commercialized, which means the entire world can benefit. The path to commercialization requires special ingredients. It requires a successful centre with a very bold vision alongside a clinical hospital. It requires a world-leading research magnet, like Dr. Keller, who attracts the best scientists in the world, like Dr. Laflamme. It requires secure funding, largely from private philanthropy that can accelerate 10–15 years of research into 3–5 years to produce results quickly.

You will hear, today, about the work of Drs. Laflamme and Keller. This is something to be proud of. Over $40 million of philanthropy has supported this advancement. We are very excited about the investment from Bayer to establish BlueRock. They are providing the next leg of capital now required to take this breakthrough to the patient. This demonstrates the path to new medical therapies. Early, private funding that produces results and then attracts industry—that is how it works. We have three other major success stories that are in transition to where venture capital would likely invest, but they still need help. If you are wondering about what you can do to help, there are opportunities.

We have pacemaker cells in development to create a biological pacemaker. That is going to be the next big breakthrough. We have pancreatic beta cells that produce insulin to eliminate the need for insulin injections for type 1 diabetics. We have the Harry Rosen Chair [in Diabetes and Regenerative Medicine Research], Dr. Cristina Nostro, who is now ready to work alongside a clinician scientist to take her research to the patient.

If I could do a shoutout to Harry Rosen, who is here today. Nice to see you, Harry, and thank you for your early support, and also to my mom, Joyce Mason, who is also here and has been an early supporter of this research.

We also have functional liver cells and tissue to provide new therapies for liver disease, like cystic fibrosis. These projects are ready to move.

Now, back to my question. Why cannot Canada lead in stem cell therapies? We actually can. Let us work together to fund the talented scientists who will make it happen. When we do, we can create a biotech industry right here in Canada. Thank you.

[VIDEO]

BJ: Please, join me in welcoming Dr. Laflamme to the podium.

ML: Good afternoon. Let me begin by thanking the Empire Club for the invitation and Rob and Cheryl for their support over the years and the great introduction to the topic of regenerative medicine.

I thought, in my presentation, I would go into a little more detail and give you an example about how we are trying to harness stem cells to treat a particular disease, a disease that I am interested in, which is heart disease. We are trying to regenerate hearts after somebody suffers a heart attack.

Before going into that, I should tell you a little bit about the type of stem cell that we are working with. These are so-called 'pluripotent' stem cells, which is the stem cell type that most of the investigators in the McEwen Centre are interested in. They are defined by this unique property in that they can differentiate or give rise to all of the cell types that are present in the adult body. There are two flavours or types of pluripotent stem cells, if you will. The one that probably most of you are familiar with are embryonic stem cells. These are isolated from embryos that are left over from in vitro fertilization and are otherwise slated for discard as medical waste. It turns out we can isolate those cells. They are essentially immortal, so my lab has historically mostly used human embryonic stem cells that are from the original 1998 paper that described their discovery. They can go through many hundreds of population doublings and still retain the properties that they had at the beginning.

Again, the unique property of these cells is that they can differentiate into useful cell types. To do this, we use lessons from developmental biology, and so some of the signaling molecules that we know normally tells tissues to develop into the right cell type. And we capitulate that in the dish, and so we can very efficiently guide these cells to become useful cell types, like neurons that you might imagine would be useful for Parkinson's or Alzheimer's disease, blood to replace all the circulating cell types that are lost in diseases like lymphoma or leukemia, the beta pancreatic cells that are lost in type 1 diabetes that normally release insulin, and the cell type that we are mostly interested in, which are cardiomyocytes or heart muscle cells, which are the cells that are damaged during a heart attack.

The type of pluripotent stem cell that maybe not all of you have heard about but that was alluded to in the introduction are 'induced pluripotent stem cells'. These are even easier to access. It turns out you can either isolate blood or take a simple skin biopsy or even isolate cells from voided urine; expand those cells in the dish; and then we treat them with what are called 'reprogramming factors'. These are molecules that are normally present in embryonic stem cells, but not present in these easy-to-access cells. By forcing their expression, we reprogram these cells to become the equivalent of embryonic stem cells. Those are the so-called induced pluripotent stem cells or iPS cells that actually won a scientist in Japan the Nobel Prize in 2012 for this discovery that was made just about a decade ago.

Once you get IPS cells, they are essentially equivalent to embryonic stem cells, so again, we can use these molecules to guide them into the useful cell types. That has generated a tremendous amount of excitement in the regenerative medicine field because now we have a cell source by which we can generate replacement cells for a variety of different disease types. We can isolate the beta pancreatic islets cells that, again, are responsible for release of insulin. We can talk about regenerating the cartilage that is lost in regenerative joint disease or osteoarthritis; replacing circulating blood cell types; replacing the liver cells that are lost in diseases like cirrhosis; and, of course, trying to repair a heart after a heart attack experienced by those with heart disease, the disease that I am most interested in.

This is what the cells actually look like. Some of you who have maybe come down to the McEwen Centre have seen this, and certainly all of you have seen the video with the exciting thing about these cells, which is that they do what heart muscle cells are supposed to do, to actually beat. With the very best of plates, you can actually see the beating activity just by the naked eye and what I call the most expensive lava lamp on the planet. These are the cells, again, you lose during a heart attack.

Scientists, including Gordon Keller, the Director of the McEwen Centre, have figured out methods, protocols, by which we can very efficiently guide these cells into heart muscle cells. More recently, progress that Gordon, other scientists at the University of Toronto, Peter Zandstra and scientists at a facility called the Centre for Commercialization of Regenerative Medicine have made is they have upscaled this further. Instead of doing this in small scale in petri dishes like you saw in the video a moment ago, they are now able to do this in what are called 'stirred-tank bioreactors', which is just fancy language for a vat. The way I sort of think of it is you are taking technology from the brewing industry, so now we are growing the cells in small aggregates and small clusters, and it turns out that in one 5-ml reactor, you can generate on the order of one billion cardiomyocytes, which is, coincidentally, the number of cells that you lose during a typical human infarct.

We are really excited because, as you heard with the launch of BlueRock Therapeutics, now we have a commercialization partner with whom we can hand off these technologies, and they can further upscale this to talk about generating the billions and tens of billions of heart muscle cells that we would need to treat heart failure patients at large.

Let us talk a little bit about the disease that we are trying to focus on. Probably in this room knows what happens during a myocardial infarction, also known as an MI or heart attack, and that is you have a blockage in one of the major coronary arteries that supply your heart. If that blockage lasts for more than a few minutes, all the muscle downstream that blockage very rapidly starts to die.

The good news is that, with improvements in modern medical management, with improved emergency respond times, we are much better at getting folks past the acute phase of an event like this, but then we run into a new problem, which is the heart is probably the least regenerative organ in the body. Over time, the muscle that is damaged during the infarct is replaced by noncontractile scar tissue, so the heart immediately loses force generating units and puts the heart at a progressive mechanical disadvantage and over time can lead to the development of a disease called heart failure, a situation where the heart can no longer meet the demands of the body.

Why is that important? A lot of people do not realize that a diagnosis of heart failure is really dire. On average, about 50% of the people that receive that diagnosis will be dead within a five-year time span. Currently, we have no clinically approved method to replace the muscle that is lost to an event like this, other than to give somebody a whole new heart. As you know, there is nowhere near enough donor hearts to meet demand. That is what has led to our idea, which is that we might be able to remuscularize these hearts instead by implanting these cardiomyocytes that are derived from pluripotent stem cells, and we might be able to do that initially surgically, and, perhaps, down the road, we might be able to do it via minimally invasive catheter-based delivery.

Where are we in the process of developing this into a real therapy? Right now, today, we can take these stem cells, and we can generate a couple billion cardiomyocytes as we would need for pre-clinical animal studies to prove their safety and efficacy. We are really excited about this new partnership, as you heard, with BlueRock Therapeutics that can further expand this. One of the important goals that they have is to convert this to an entirely clinical-grade process, a process that Health Canada or the Food and Drug Administration would be willing to approve.

Then, in parallel, we are going to do the pre-clinical studies to demonstrate safety and efficacy. If all of that goes well, our goal is to get this into clinical trials in something like a three- to five-year time horizon. This has been a big project that has involved lots of people—obviously, scientists, including myself at the McEwen Centre, the Peter Munk Cardiac Centre at UHN, the Centre for Commercialization of Regenerative Medicine that I already alluded to, and now this new partner, BlueRock Therapeutics. It is also in our international operations, so we collaborate closely with scientists at the Technion Institute in Israel.

What is the evidence that this might work? What is the pre-clinical work that we have done today? Those studies began over—I am embarrassed to say—a dozen years ago with transplantation studies, with sort of proof of conduct studies in a rat model of myocardial infarction. That study showed that you could take ten million of these cardiomyocytes, implant them into injured rat hearts and get remuscularization within the infarct scar of the recipient animal. That transplantation mediated beneficial effects on contractile function. To demonstrate that, we used imaging modalities, just like you would use in a human patient, things like echocardiography and MRI. We actually went on to show that we saw greater benefits with this cell type than some other competing therapies.

A few years ago, we took one step further. My former colleagues, my predecessors, Chuck Murry, and others and I for the first time, tried transplanting these cells in a large animal model. In a non-human primate model of myocardial infarction, we transplanted one billion human

ES cardiomyocytes. What you are actually looking at here in this image is a slice through one of the recipient hearts. The red stain here is heart muscle; the dotted area shows you the infarct scar, so that is the damaged tissue. And the green tissue you see within that is the replacement human heart muscle that we formed both at delivery of these cells. For the study, on average, we muscularized about one-half of the total footprint of the infarct scar. We showed that over time, the grafts became structurally mature. Early on, they looked like heart muscle cells in the early developing heart, but, by three months later, they were structurally equivalent to the host cardiomyocytes, so they very rapidly assumed sort of adult-like properties.

We actually went on to do an experiment where we had heart muscle cells that flash every time they fire, so we were actually able to image these hearts and we showed that the flashes were occurring in synchrony with the electrocardiogram of the recipient. We showed, by that technique, that this was not just dead tissue we were forming, but this new heart muscle was actually electrically integrated and firing in synchrony with the host muscle as would be necessary for it to generate functionally meaningful new force-generating units.

We also showed that over time, there is remodeling of the vascular supply of these hearts, so blood vessels remodel and extend into the tissue to keep it alive. It is almost like there is an endogenous coronary bypass graft going on to keep these grafts alive long term.

Let me summarize what we have shown so far and reported in pre-clinical models with these cells. We have historically done experiments where we have transplanted these cells in rats, in guinea pigs and non-human primates. In all these models, we have shown that the cells will ingraft, actually, ingraft probably best in the larger hearts. They do not form tumours, which is one of the things you worry about with the pluripotent stem cell–based therapy. These cells can become anything, so we do not want them becoming the wrong cell type in the heart, but we do not see that. In fact, we do not see any persistent noncardiac cells.

We have shown that there are improvements in contractile function in the small animal models. We still need to do that in the large animal model. The primate experiment I told you about was not designed or funded or intended to look at that. We have shown that these cells will couple. Again, that is something we have shown in both guinea pigs and primates, but that ability to couple is a bit of a double-edged sword. On the one hand, it is going to be necessary for it to contribute new force. On the other hand, if there are differences in the electrical property between the cells we are putting in and the recipient heart, you might worry about arrhythmias, and that is actually one of the hurdles we are still working to overcome. We think we know what is going on here, but in this primate model, we saw transient arrhythmias for a couple of weeks post-transplantation. We think we know what is going on there, and we think we have the solution.

While we have learned a tremendous amount from these different animal models, they all have sort of a major limitation: They are all relatively small organisms. Even in the case of the primates, these were sort of 7-kg macaques with sort of plum-sized hearts that are firing at a much more rapid heart rate than you or I. That is concerning. We really would like to test these cells in a more relevant, a more human-like heart, so what we have just been doing in the last year or two is transplanting these cells in a pig model with myocardial infarction. It turns out the pig is really the model that if you have a novel cardiac therapy, you typically will get the safety and efficacy data to go to Health Canada or the Food and Drug Administration to show that it should be tested in humans. The idea there is that the size, structure and function of a pig heart is almost identical to a human heart.

I am happy to report to you, again—and the work is just really getting underway— that we have been able to show that we can transplant these cells, human cardiomyocytes, in injured pig hearts and that they will stably ingraft. I draw your attention to this upper image here.

What you are looking at, the blue area, is the scar tissue; the red is the heart muscle; and then I have dotted the new heart muscle that has been formed within the scar tissue. I will draw your attention to the scale bar there. In this experiment, we are creating cubic centimetres of new human heart muscle, which I would submit is the degree, the sort of scale of remuscularization we would need to think about for repairing something like a human heart. We are excited because this is the big step that we think we need to do to push this forward to the clinic.

Let me summarize what I have told you here this afternoon. First of all, pluripotent stem cells represent an inexhaustible source of replacement cells for regenerative medicine application. I told you about that in the context of the heart, but, as you have heard, chronic diseases, these degenerative diseases that cause so much human suffering and expense to the healthcare system, are almost all diseases where we have lost the useful functional cell type. While we are interested in cardiomyocytes, there are other scientists at the McEwen Centre, like Cristina Nostro, trying to generate the pancreatic cells that you lose in type 1 diabetes. Stephanie Protze, who you saw in the video, is trying to make the pacemaker cells, and this same strategy could apply essentially for any cell type that you might imagine.

With our application, we are really excited because we have demonstrated the feasibility of large scale remuscularization of injured hearts using these heart muscle cells. We have still got some hurdles, some of which I highlighted. We need to establish scalable and economically viable cardiomyocyte manufacturing. That is why we are really excited about this new industrial partner that can help shoulder some of that work. We are going to have to deal with this phenomenon of graft-related arrhythmias that I told you about.

One thing I did not have time to talk about is whether we will have strategies to deal with the immune system. We do not want these cells to get rejected.

Finally, we are going to need to demonstrate efficacy in a large animal model. That is where we really think that the pig is the right species in which to test this with the goal of eventually moving on to a first-in-humans clinical trial that will be based here in Ontario. And, again, the hope, the expectation is to get there in something like three to five years.

With that, I will thank the many folks that contributed to this study. It is always a little sobering to summarize about 15 years of work in 15 minutes, but a lot of folks have contributed to this work. Of course, we would like to thank our various funding agencies that supported this work and the McEwens for the support of the McEwen Centre. Thank you. I think if there is a little bit of time, we would be happy to answer some questions. Please, let me know if you want to address the question to myself or to Rob and Cheryl, who will, obviously, be available as well.

Q: Hi, Dr. Laflamme. Thank you for your presentation today. With all your work on stem cell research, I was reading today that the average life expectancy for Canadians is about 82 years of age. What do you think that will be in the future with all this work you are doing?

ML: That is a great question. It is a tough question. I could speak for myself. I will be delighted, as I told you, if the life expectancy for these folks with heart failure, which is a large population of patients, is something we can improve from five years to something more like a normal expectancy. Just for those folks, I will be ecstatic.

Going forward, that is what is really exciting about regenerative medicine: We kind of have the building blocks, the replacement tissue, so I do not think this is something that is going to happen tomorrow, but you can think about really pushing the envelope beyond the 80 years we live now. I would expect that it will be an incremental process as we chip away and figure out how we fix someone's heart; then, we are going to have to deal with their brain for Parkinson's disease and Alzheimer's and the like, but, in principle, the sky is the limit. Rob, Cheryl do you have anything to add?

RM: Well, there is a book out called Singularity is Near, written by Ray Kurzweil. He is saying that if you can live to 2025, then your life is going to get much longer. It will be the confluence of nanotechnology, artificial intelligence and cellular biology that will extend life well beyond the range we know today.

Q: First of all, thank you all for your tremendous levels of intelligence and research. I think we should all rush out and have an MRI. My questions are simple. First of all, how are we going to reach the general public to show them how important lifestyle is because many of these conditions are preventable?

The other question is you are educated at a very high level. Education is expensive. How are young people going to afford to carry on with their education, so they can even contemplate what is available, and how they can study, and how they can become wonderful doctors?

RM: Two questions. One, about general fitness. I think all Canadians should look upon it as their responsibility, and they should be accountable for keeping their health in good condition. When you look at our healthcare system, we do not pay a penny. We should be looking at it, and the government should charge us something for healthcare. You get good marks for being in good health. You get bad marks or you get encouragement to get into good health, to eat the right foods, to exercise, to keep active.

In terms of education, I think that is part of the educational system. There should be more courses on how to stay healthy, how to stay fit, how to go beyond where we are today because I see a really looming crisis that is coming at us, and we saw it in the hospitals, that there is enormous pressure on the healthcare system.

When I said I think there may be rationing in the future, I was not kidding. If you think of someone like a freestyle skier who is 22 years old and had six knee operations already, do we get to a day where they say you are going to have one hip operation? Or you are going to have one heart operation? Or you are going to have this many times in the hospital? Right now, in terms of the budget in Ontario, 43% of the budget goes to healthcare. The baby boom represents 29% of the population. Eighty percent of healthcare costs occur after you are 60 years old; 29% of the population is moving into that space, and healthcare costs are going up. We cannot scale up the healthcare system fast enough, and there is a whole lot of money that is retiring, and there are going to be fewer people supporting it. It is going to be the electorate that causes the rationalization of healthcare.

So, get out there, walk a little further, have some more vegetables. Cheryl can help you there, and you just keep going, but that is something that is—I think everybody should focus on and ask the politicians, "What are you going to do about this?"

Stem cells is one of those areas. It is not the only area, but it could be a very important area to improving healthcare as we go forward. Thank you.

ML: I would agree with that. Certainly, preventing a disease is better than having to cure it once it is already established. On the other hand, keep in mind that these diseases are affected by the choices we make, lifestyle, environment, but also by hereditary. Even in the case of heart disease, we sort of think it is because of bad behaviour, but that is not entirely true. It is about 50–50 with most of these diseases and what influences do to our genetics, which we cannot control versus the choices we make.

: Hi. Thank you very much for your presentation. That was very enlightening. I always believed in stem cell research. My question is let us say it is a success—and I really hope it is—how are you going to get it to the common populace? Have you guys thought—even barely thought—about any pricing structure, or is it going to be a luxury thing or any common man can get that treatment? What do you think about it? How do you think it should be available?

L: That is a great question. The short answer is that cell therapies, particularly, in the heart, are going to tend to be relatively expensive. On the other hand, the treatment that we are trying to replace, which is a heart transplant, is also tremendously expensive. There is another therapy that we will use for some of these end-stage patients where they will put in a pump that can keep somebody alive until they get a heart transplant.

That pump alone—not talking about the expensive surgery and care and so forth afterwards—is on the order of about $100,000 Canadian just for the pump. Obviously, if you are talking about all these other expenses, it is going to go up multifold. That is the benchmark that I think we have got to compete with. I think we can beat it, but we will see.

Q: There was a remark earlier in terms of private equity and in raising dollars. Where are you with that now?

ML: Specifically with the heart program or just globally overall?

Q: You can address both questions, I guess.

ML: With the heart program, as you heard, there was this large investment in BlueRock Therapeutics between Bayer and Versant. I think with regard to that specific application, we are pretty financially secure. That was $225 million U.S. That will carry us a long way. That is not true for the other applications, the other programs that you have heard in the McEwen Centre, which are at an earlier stage of development, but also need that sort of seed money to, what our expectation would be, would attract the same eventual investment from the private sector to carry them over that final hump through expensive clinical trials and scale of the manufacturing and the like.

Q: [Inaudible.]

ML: I am not sure I understand the question.

CM: I think to address that, BlueRock is specifically focusing on this particular heart program that Dr. Laflamme has presented on. I would like to remind everyone to think about the focus of stem cell therapy, which is about quality of life and empowering the body to perform at its best. I think that while life extension might be a side benefit, I think what you want is to perform to your best ability to be able to not worry that your heart will fail or that your insulin injections are not working properly or whatever. There are so many other variables in life. If we can empower the body through stem cell therapy to perform at its best, that is really what we are excited about.

: **Thank you. I will be brief. Looking at the management of healthcare in the future, there are many parts of Canada that do not have healthcare. Consequently, in the future, I think there is going to be a tremendous rush to the major centres like Toronto that are so blessed. Are you going to have enough trained medical people to cope with the immigration and the movement around the country to medical centres?**

L: That is probably a question that is for a higher pay grade than myself. I guess I would say one of the exciting things about regenerative medicine is, and I will use the specific example of the cell therapy, cell product that we are making that can be shipped elsewhere. What we are generating is heart muscle cells that we freeze in a vial and then can be stored for an indefinite length of time. It could be shipped somewhere. It could be shipped to the hinterland, delivered there on the site.

Probably this therapy would first be offered, if it is successful, in tertiary or quaternary centres like we have here in Toronto, but the vision would be long term that it could be something that you could ship. My dream is that Toronto becomes sort of the Detroit of cell manufacturing, that we are shipping cells everywhere.

RM: If I could just add to that, we are going to be isolated. There are areas of specialty for operations up and down University Avenue, as they have the most complicated cases in the province, and maybe even in the country, that come to Toronto for treatment. You might want to go out to the politicians and attack some of the assumptions that we have in our healthcare system and say, "Why does Canada not become a centre for healthcare for the world? Turn it into an industry; double the size of our hospitals, so it can attract the best, like Michael, Cristina, Stephanie and others, so that there is a world price for healthcare and there is a Canadian price. The world price is higher."

I will give you an example. If you want a double lung transplant, you go to the Mayo Clinic, and it is $400,000. The cost here is about $100,000. You do not get an invoice when you go into the hospital when you have a treatment. Maybe we should start that, so everybody knows when you get on that dialysis machine, it costs $120,000 a year for the rest of your life. That is where the costs are coming from. No one realizes, but we should be looking and saying this is an industry that cannot be taken away because of a manufacturing plant.

If we double the size of our healthcare system, we invite the world to come here not so that we are crowded off, but so that we get the best service here from the best physicians. That is where we need to go.

I think for the outlying communities, there is telecommuting and medicine that way, through communications and robotic surgery that can be conducted at a distance. All of those are coming and one day may address some of those outlying communities. There is also—if you ever saw the film Avatar, where someone gets into a body—a firm Nippon Airways, which is working on a prize for an Avatar, so you could be here, but you could be a surgeon operating up by Hudson Bay with that body there. It is a little science fiction, but it is coming.

ML: Thank you, again, for your interest and your questions.

BJ: Thank you Dr. Laflamme and to Cheryl and Rob for this incredible contribution that you have made to Canada. It makes you very proud that we have an environment that nurtures this kind of research in our country.

In celebration of Canada's 150th birthday and our ninth event in our sesquicentennial series, I would like to ask our series sponsor, IBK Capital, represented by Bill White, as well as our guests of honour to join me at the podium and blow out the birthday candles.

[All in unison: Happy Birthday, Canada!]

Note of Appreciation, by William White, Chairman, IBK Capital Corp.; Director, Empire club of Canada

The cake is delicious, by the way. This is our ninth cake, and anyone who has not tried this cake, I strongly recommend you hang around until you get your piece of cake after the presentation here.

Madam President, distinguished Head Table Guests, fellow members and guests of the Empire Club of Canada, I have the pleasure to express our formal thanks to our three key speakers, Rob, Cheryl and Michael.

I first met Rob and Cheryl in 1985, with the financing and creation of Goldcorp. And Rob and Cheryl made that the most successful corporation that I have been involved in, in the last 32 years. Rob and his wife went on to found the McEwen Centre for Regenerative Medicine, which opened its doors in the MaRS Discovery District in 2007. In ten years, this Centre has accomplished all these wonderful things that we have heard of, but not without the assistance of doctors like Michael Laflamme, who is their principal investigator. He really had my attention because, 15 years ago, I had bypass surgery for a heart issue at the McEwen facility there with Peter Munk's help. That is an inside joke, by the way. The focus on developing stem cells based on therapies to treat heart disease, to me, is just amazing.

Now, you have heard that the Empire Club, of course, has celebrated its 150th birthday with Canada, with a series of ten special high-profile addresses from leaders of some of the Canadian institutions and organizations that have shaped

Canada's history. Today, we have celebrated a topic, which is significantly going to influence the future, probably more so than all of the other nine institutions that we celebrated Canada's birthday with so far.

You have seen how forging partnerships between medicine and business, especially, in this topic of regenerative medicine has helped make Canada, I believe, to become the world leader in stem cells. Stem cell research is expected to shape Canada's future fighting degenerative diseases. We are definitely proud of how stem cells are transforming Canada's healthcare, and of, especially, the role of the McEwen Centre for Regenerative Medicine and how it is playing a role in global development of stem cell therapies.

Now, the real promise here, as we have been told today, is the ability for stem cell therapies to provide physicians and surgeons with new solutions to repair and regenerate tissues and organs in our body that are compromised currently by either disease, trauma or, in my case, simply old age.

I ask that you just join me now in a warm and special thank you to Rob and Cheryl McEwen and to Dr. Michael Laflamme, who are using stem cells to fight disease, which, ultimately, will enable all of us to live longer and much healthier lives. Thank you.

Concluding Remarks, by Barbara Jesson

The Empire Club could not host lunches like this without wonderful support from sponsors. I particularly want to commend our sesquicentennial sponsor, IBK Capital Corp. Every board should have a Bill White. I cannot tell you what a pleasure it is to work with him on the board of the Empire Club. He is just a tremendous supporter and incessant in his support for the Club. Thank you so much, Bill.

I also want to thank our presenting sponsor, Bayer. Mr. Kanti, thank you so much. Thank you for this lunch, but, more importantly, thank you for this remarkable gift that you have given to this country in terms of your support for bringing stem cell research forward along with the McEwen Centre.

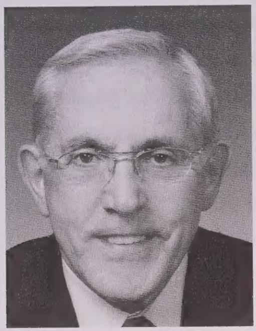
Derrick, thank you for taking my call when I reached out. I am very, very grateful. As well, I want to thank our gold sponsors, Cantor Fitzgerald Canada Corp., Bennett Jones, Haywood Securities Inc., Ernst & Young, and H.C. Wainwright & Co. Without sponsors like these great companies, the Empire Club lunches would not be possible. Thank you all so much.

I also would like to thank mediaevents.ca, Canada's online event space, for recording today's event. Although our club has been around since 1903, we have moved onto the 21st century and are active on social media. Please, follow us on Twitter at @Empire_Club and visit us online at www.empireclub.org.

You can also follow us on Facebook, LinkedIn and Instagram. Finally, please, join us again at our next event on November 28th, with Minister Chiarelli, Minister of Infrastructure, at the Royal York Hotel. Thank you for your attendance, today.

This meeting is now adjourned.

The Empire Club Presents



THE HONOURABLE
BOB CHIARELLI, MINISTER
OF INFRASTRUCTURE

WITH: BUILDING BETTER LIVES: ONTARIO'S LONG-TERM INFRASTRUCTURE PLAN 2017

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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November 28, 2017

Good afternoon, ladies and gentlemen. From the Royal York Hotel in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting.

Before our distinguished speakers are introduced today, it gives me great pleasure to introduce our Head Table Guests.

I would ask each guest to rise for a brief moment and be seated as your name is called. I would ask the audience to refrain from applause until everyone has been introduced.

HEAD TABLE

Distinguished Guest Speaker:

The Honourable Bob Chiarelli, Ontario's Minister of Infrastructure

Guests:

Mr. John M. Beck, President and Chief Executive Officer, Aecon
Mr. Pat Dalzell, Senior Strategist, Corporate Affairs, Bruce Power
Mr. Ken Faulkner, Director, Government Relations, NOVA Chemicals
Mr. Mathew Kattapuram, Senior Vice President, Strategic Business Development, Aecon
Mr. Chris Morley, Vice President, Government Relations, OMERS; Director, Empire Club of Canada
Ms. MJ Perry, PhD Candidate, Theology (University of Toronto); Vice President and Owner, Mr. Discount Ltd.; Director, Empire Club of Canada
Mr. Lou Serafini, President and Chief Executive Officer, Fengate Real Asset Investments;
Board Member, The Canadian Council for Public-Private Partnerships
Mr. George Zegarac, Ontario Deputy Minister of Infrastructure

My name is Barbara Jesson. I am the President of Jesson + Company Communications and President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

I have to say that as a homeowner, I really resent expenditures on things like plumbing, furnaces, and, especially, eavestroughs. They are a particular irritant. It is not like painting your living room or buying a new sofa. Still, we know it is the hidden investments that really matter. It seems to me it is a bit like that with infrastructure. Being the Minister of Infrastructure must be one of the most thankless jobs in government, but it is probably one of the most critical.

Imagine you are going into a cabinet meeting. I know this would not happen at the provincial level, but, mind you, you are going in to ask for $100 million for sewer pipes.

It is not something that is going to be particularly popular with your cabinet colleagues.

We have a tendency, when we think of infrastructure, to focus our visualizations on the physical output or the process. We might imagine a new subway, a freshly paved road or the discordant symphony of jackhammer on concrete. From rails and trails to education and energy, the many manifestations of infrastructure leap to our minds quickly, perhaps, owing to their ubiquity in a province that is always building. Yet, infrastructure is more than just its physical footprint. The true nature of infrastructure too often glossed over and not easily called to mind is not predicated on what a particular development looks like, but, instead, how it will change life for the people around it. In other words, the importance and character of infrastructure lies not in its appearance, but in its implications.

A new public high school is more than four big walls, a roof and a soccer field. It is an education gateway for thousands of children, a nexus through which our youth emerge as responsible, informed citizens ready to pursue their post-secondary dreams. Similarly, a new railway track is more than just fresh lumber and shiny rivets. It is a mechanism for unity that brings people together, ensures that everyone gets to work on time and makes it home for the holidays and keeps the wheels of trade and commerce turning. I could go on, perhaps, stating that a wind turbine represents a promise of stewardship made to the next generation, or a hospital, a commitment to compassion, but I think the point has been made. Infrastructure is less about building places and more about helping people.

The Government of Ontario has clearly recognized the importance of its infrastructure, and the priority of taking the long view to take the long view, which is not an easy decision for governments to make. What began in 2011 with a $35 billion investment on the "Building Together Plan" has evolved into a 12-year commitment for infrastructure development and investment worth over $160 billion. The largest infrastructure project in the province's history is in full swing, covering all sectors of healthcare, recreation, transit and education and setting Ontario apart as a global leader in infrastructure. We really have to commend our government for this foresight and ensuring the future for all of us.

Our speaker, today, is at the forefront of this revitalization and realization of Ontario's infrastructure goals. Bob Chiarelli was first elected to the Ontario legislature in 1987 as MPP for Ottawa West, but now serves as Minister of Infrastructure, responsible for implementing Ontario's first 10-year infrastructure plan, "Building Together."

Mr. Chiarelli also served as the Regional Chair of Ottawa-Carleton and was later elected as the first mayor of the amalgamated City of Ottawa. In those roles, he championed expansion of light rail and other public transit; new recreational and health care infrastructure; and the maintenance of Ottawa's triple-A fiscal rating.

Mr. Chiarelli ran a community law practice for 18 years and has served as Vice-Chair of the Royal Ottawa Foundation for Mental Health. He is a member of the board of Peace Camp Ottawa.

Please, join me in warmly welcoming the Honourable Bob Chiarelli, to our podium.

The Honourable Bob Chiarelli

Thank you very much, Barbara, for your kind introduction. With respect to a thankless job in the cabinet, being infrastructure, all I can say is when I was appointed Minister of Energy, I got ten condolences for every congratulations.

Good afternoon, and, welcome, everyone. Bonjour et bienvenue à tous. Thank you to the Empire Club for hosting us here today and for your venerable history and ongoing sponsorship of important public discourse. Thank you all for joining us here, today, as we release our new "Long-Term Infrastructure Plan."

As some of you may be aware, I am a big hockey fan, so it is always nice to be so near the Hockey Hall of Fame. One thing we know at the Ministry of Infrastructure is that the placement of landmark institutions is very important for cities, especially, in this case. If the Hall of Fame were anywhere else, Maple Leaf fans would never get to see the Stanley Cup, although their hopes are justifiably up this particular year. In all seriousness, though, today it is my honour to present "Building Better Lives: Ontario's Long-Term Infrastructure Plan 2017." You will all have found copies on your chairs. When you have time to read it, you will find that the Ontario

Government is going to great lengths to ensure we have the same foresight as the Hall of Fame, namely, we are building what is needed in the right places for the right people at the right time.

Before I go on, I would like to take a moment to thank the NGOs, universities, think tanks, industry associations and stakeholders that study and research infrastructure issues because at the Ministry of Infrastructure, we could not do what we do without their help and leadership. They bring strengths and ideas to our government, and we are incredibly grateful for their work and engagement.

Also, before I get into the details of this plan, I want to take a step back and talk about why we need a long-term infrastructure plan in the first place. Whether you think about it or not, you are constantly using provincial infrastructure, as Barbara just indicated. It helps keep the lights on in this building and the HVAC system running. It pays for the tracks and trains that got you to work this morning and will take you home at night. It is the roads you drive on, the water you drink, and it is the broadband that delivers you Internet. It is the schools your children go to from junior kindergarten around the corner to the universities and colleges across the province. It is the hospitals where Ontarians receive first-class healthcare. That is how we choose to see infrastructure, not just as bricks and mortar or buildings and roads, but as the places that make the people of Ontario who we are. What surrounds us, helps define us. What we choose to build and how we choose to build it are, in fact, the expressions of who we are. That is why we chose the title we did for the long-term infrastructure plan.

"Building Better Lives" means making sure we have the buildings, roads, transit and services we need to deliver quality of life and a strong economy to our citizens. Premier Kathleen Wynne speaks often about fairness and opportunity as the touchstones of our government. Those values inform our decisions, for example, to make college and university tuition free for people of modest means or to make prescription drugs free for everyone under age 25. Fairness and opportunity also inform our decisions with respect to infrastructure. It is not just our community benefits program, in association with larger infrastructure projects, or how many childcare centres we will fund. We take that very seriously at the Ministry.

Our long-term infrastructure plans are an important way we challenge ourselves to continually improve how we make decisions to help people and businesses get ahead. In an area of accelerated change and disruptive technologies, the need for resilient and substantive infrastructure based on responsive and inclusive planning has never been greater. These challenges require bold action and flexibility for change as we design and build the next generation of infrastructure and shape the Ontario of tomorrow with innovations, like artificial intelligence, the Internet of Things, digitally advanced hospitals and healthcare or hydrogen technology in public transit.

We also need to put climate change front and centre in our decision-making, so we can ensure environmental sustainability in a world in which temperatures are rising. To be very clear, the document you have in your hands, today, does not announce new projects or provide a comprehensive project list. Rather, it is a strategic plan and not a checklist. It outlines new strategic steps regarding infrastructure planning and delivery. It touches on new technology in schools, hospitals, post-secondary facilities, public transit lines and community hubs. It explores how we can best maximize the use of the infrastructure we have today and helps to determine the ideal repair and replacement schedules for tomorrow.

I would like to give you just four examples of new directions, new policy directions, in the "Plan." The actual "Plan," itself, including the appendices, is 251 pages. It is a lot to read, but I just wanted to take four of the key examples that we are going to place a priority on.

Firstly, our plan includes implementing lifecycle assessments of our infrastructure starting in 2019 to help us move the province towards a low-carbon future. Put most simply, lifecycle assessments will consider the total costs, including the environmental impacts and costs of an infrastructure asset over its entire lifespan from construction to decommissioning. This is a new way to assess our infrastructure in the new world of climate change and disruptive technologies. It puts an environmental cost on a project instead of just a fiscal cost that we look at today, and it will help us measure GHG impacts to help us meet GHG targets in our climate change action plan.

A second example: In our larger infrastructure projects, the RFPs will require more pilot projects to develop our community benefit programs. These will provide supplementary social and economic benefits to local job creation and training opportunities, improvement of local public spaces or other benefits communities identify. These pilot projects will be developed through the next year, leading to a full community benefits framework in 2019.

A third example: We will also be expanding our coverage of high-speed Internet. This will include the development of a comprehensive broadband strategy that will outline a road-map to connectivity for the whole province. That includes leveraging private sector expertise, financing and participation, as well as federal cooperation through the Canada Infrastructure Bank. Smart homes, mobile device streaming, autonomous vehicles, disruptive technologies and artificial intelligence and many more things mean that broadband demand will continue to grow exponentially. Our comprehensive broadband policy will be released in 2019. We are currently providing $160 million in R&D financing for 5G next-generation networking here in Ontario.

The fourth example: You will also find that the "Long-Term Infrastructure Plan" details on how we intend to move forward with a social purpose real estate strategy. I will say that again: a social purpose real estate strategy. This will help us embed community and social needs into government decision-making on surplus properties while building up our complement of community hubs. We have also provided, in downtown Toronto, strategically located properties that will bring revenue to the province while leveraging 20,000 affordable housing units.

These examples are innovative steps forward for infrastructure in Canada, and we are provincial leaders. We are building on that reputation. The "Plan" marks the first time we have a full provincial asset inventory. This is a very important milestone that will help us plan for the future. It is important to keep in mind that the Province of Ontario is the second largest landowner, real estate owner, in Canada after the federal government.

One of the most exciting parts of our new plan is also one of the more complicated, new enhanced modeling that will assist in locating important infrastructure. Just like building the Hockey Hall of Fame to be near Leafs fans, we need to build hospitals in areas with aging populations, schools in neighbourhoods with young children and community hubs in smaller, rural communities.

All of the information from our asset inventory will feed into what is called the "Stable State Model." That model uses a number of variables from the asset inventory to demographic trends to give us a more comprehensive view of our needs as a province. This may sound dry and obvious to some folks, but it is an important new step in public infrastructure planning. That is something Ontario is becoming known for. People come from all over the world to learn what we are doing here in Ontario.

A case in point, as many of you are probably aware, is our "Alternate Financing and Procurement P3 Model," better known as our innovative AFP program. We have been using this model for over a decade now. As it has evolved, it has continued to set the standard for how government works and the private sector to build public infrastructure. It moves risk away from taxpayers to the private sector, while the province remains the owner of the assets. That is the bugaboo that bothered the unions for a long time. The fact that we continue to own the assets really has their confidence, and they are very, very much participating in AFPs.

As you will read in the LTP, we will continue to strengthen our AFP model, and we will innovate with additional models. This is all part of the new pace of change and innovation, and we know we cannot be left behind. There is always somebody somewhere, somehow coming up with something new, a way to challenge the status quo. We can assure you that here, in Ontario, we have joined the disruptors. Our government does not fear change; our government embraces it. Humber River Hospital and the new Mackenzie Vaughan Hospital are both prime examples.

Humber River Hospital has been recognized with a number of awards for innovation, and Mackenzie Vaughan Hospital is proving to be, perhaps, even more innovative. As an Infrastructure Ontario AFP project, it will be the first hospital in Canada to feature fully integrated state-of-the-art smart technology and will set a precedent for other hospitals in Ontario and perhaps across Canada.

The computer systems at Mackenzie Vaughan will recognize healthcare providers and their patients and anticipate their needs. Wireless devices will provide up-to-the-minute information where it is needed. Whether it is hospitals, roads, transit, schools or the investment in R&D and high-speed

Internet services, we continue to improve quality of life and make Ontario more competitive.

It is also important to us to keep the public informed. That is why we recently launched a tool to help people keep track of how their tax dollars are being used to build up their very own communities. Our website, ontario.ca/buildon, features an interactive map that now lists more than 3,500 projects across the province, and projects are added every day.

If you allow me to be partisan for a moment—I am a politician—most of those projects would never get built under the opposition. In the past, the Conservatives ran their infrastructure like Harold Ballard ran the Toronto Maple Leafs, by investing as little money as possible, knowing that people would still fill the roads like they used to fill the seats at the Gardens. I have got something later, too. You will like it. You will like that one better. In their last year in office, the Conservatives invested $1.9 billion in infrastructure, hardly enough to maintain the then-existing infrastructure, while our government has averaged almost $12 billion per year in infrastructure investments.

The Conservatives stopped investing in energy assets, and so they lost transmission and generating capacity, which required the purchase of $1 billion per year of imported electricity from neighbouring jurisdictions. They lost reliability and had to place large generators in downtown Toronto as backup power. We have invested $70 billion to fix the broken electricity system, and the current Tories have shown little interest in a lucid or comprehensive infrastructure policy. It can easily be noted in their new policy document, which they issued over the weekend.

To quote my colleague, Brad Duguid, who quoted the Beatles in the legislature—Brad sits beside me in the legislature and I had to laugh at this, because he was quoting a Beatles song and making reference to Patrick Brown: "He's a real nowhere man, sitting in his nowhere land, making all his nowhere plans for nobody. He doesn't have a point of view, knowing not where he's going to." For example, this summer, he told municipalities that his party unequivocally supports rural natural gas expansion, which we initiated, and then, this past weekend, announced he wants to scrap our rural natural gas plan expansion program altogether. There are many, many examples, such as that.

It has never been clearer to Ontarians that the Leader of the Opposition does not respect his commitments. In his new policy document, he says he has billions of dollars in new spending on the docket, but he will not tell you that his own document, in small print, says that he needs to find about $12 billion in cuts in order to fill the gap and provide those new assets. As Ontarians, we should all be very nervous about that. It sounds vaguely familiar to cutting 100,000 public service jobs.

We already know that he will cut all economic development funding, those funding projects that we use for job creation and to maintain jobs. That is their philosophy.

They said over and over again in the recession that the assistance that we provided to General Motors and other automobile manufacturers, which helped save our economy, is something that they would vote against again.

On our side, we know we have a responsibility to make people's lives better. We know the only way to do that is to maintain a strong economy and continue to grow it. That is what we are doing here in Ontario. Over the last two years, our economy has grown by 6.1%. Last year, our growth was double the national average and was faster than that of the United States and all the G7 countries. Ontario is, once again, the economic engine of Canada based on RBC and TD both projecting that Ontario will lead all the provinces this year with 2.5% and 2.6% growth, respectively. Some analysts are right now projecting Ontario's GDP rate this year will end up at 2.9%. Meanwhile, our unemployment rate is now sitting at 5.9%, lower than the national average for the past 31 months. In the past 12 months, Ontario is up more than 149,000 jobs, and a big part of that is because of our infrastructure investments, which support 125,000 jobs, on average, every year.

Our long-term infrastructure planning and investments are a strategic element for a strong economy and a better quality of life for Ontarians. I will use Ottawa as an example. For example, for the last full year of available data, the city of Ottawa's employment has increased by 16,000, mostly full-time, high-paying, private sector jobs, and Ottawa's tech community tells us they are short 3,000 engineers. The tech sector is booming as it is in Toronto, as it is in Waterloo and other places.

We live in the best province in the best country in the world, and that does not happen to be by accident. That happens to be through planning. This document is a testament t how our government is focused on using evidence and analytics to improve how we provide services and build Ontario up.

As I conclude, I want to thank everyone from the Ministr of Infrastructure who worked on this plan. It was a massiv undertaking, especially since the Ministry was completely restructured over the last 15 months under our experienced an energetic Deputy Minister, George Zegarac. Thank you, Deputy, for doing a fantastic job for all of us.

While we might celebrate the completion of this documen for an hour or two, we all know there is more work to com because this is not a finished document. This is not a plan tha we put on a shelf to collect dust. In this era of accelerated innovation and climate change, to continue to lead, we must also b ready to continue to evolve. As challenges continue to change the "Long-Term Infrastructure Plan" will change with them t enable us to continue to build a better province for Ontarians We all ask of you for your continued help on the road to building a better and stronger Ontario.

One last message: When you rebuild, make the right investments and plan for the future, like the Leafs. It pays bi dividends. Thank you!

BJ: Patrick Brown will be back with his rebuttal in December
Please, welcome Mr. Lou Serafini to thank the Minister.

Note of Appreciation, Lou Serafini, President and Chief Executive Officer, Fengate Real Asset Investments; Member, Board of Directors, the Canadian Council for Public-Private Partnerships

Mr. Minister, thank you very much for those words—very positive, very informing. I just want to say I have had the experience at Fengate to work with Infrastructure Ontario and your government for many years now. One thing that your government has done is take the balanced approach to investing in infrastructure and many sectors and many communities. We are seeing many people talk about infrastructure as a need, as opposed to whether it is a good decision or not and what it can do for our communities. Through Infrastructure Ontario, you have established a world-class organization. It is the envy of the world. We are bidding a project on Indianapolis. They were taking the lessons learned here in Ontario.

Lastly, when we first started, we used to see many opponents of infrastructure investing from unions, and today, they are the most significant investors in Canadian infrastructure. This all happened with you as our biggest proponent, and two tours of duty with this portfolio.

On behalf of the Empire Club of Canada and everyone here today, thank you for your kind words.

Concluding Remarks, by Barbara Jesson

I want to express a sincere thank you to our generous sponsors, today. Without sponsors, we could not bring these kinds of important public discussions to our forum. Sponsors, Bruce Power, Aecon and Nova Chemicals, thank you all so much for making this event possible today.

I would also like to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world.

Although our club has been around since 1903, we have moved into the 21st century and are active on social media. Please, follow us on Twitter @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram.

Finally, please, join us at our next event, November 30th when the Honourable Mitzie Hunter, the Minister of Education, will be with us right here at the Royal York Hotel. Thank you very much for your attendance today.

This meeting is now adjourned.

THE HONOURABLE MITZIE HUNTER, ONTARIO'S MINISTER OF EDUCATION

WITH: PREPARING ONTARIO STUDENTS FOR THE FUTURE

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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November 30, 2017

Good afternoon, ladies and gentlemen. From the Royal York Hotel in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting.

Before our distinguished speaker is introduced today, it gives me great pleasure to introduce our Head Table Guests.

I would ask each guest to rise for a brief moment and be seated as your name is called. I would ask the audience to refrain from applauding until all the Head Table Guests have been introduced.

HEAD TABLE

Distinguished Guest Speaker:

The Honourable Mitzie Hunter, Ontario's Minister of Education

Guests:

Mr. Charles Achampong, Director, Academic Partnership Engagement, Scotiabank

Mr. Thomas Chanzy, Vice President, Public Affairs, Ontario Trillium Foundation; Director, Empire Club of Canada

Mr. Mary DePaoli, Executive Vice President and Chief Marketing Officer, RBC

Mr. Andrew Hunter, MBA, Professional Athlete; Entrepreneur; Senior Account Manager, Real Estate and Construction Finance, RBC

Ms. Monica Masciantonio, Vice President, Government Affairs, Scotiabank Dr. Gordon McIvor, Past President, Empire Club of Canada

My name is Barbara Jesson. I am the President, of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

We are also pleased to welcome some students from the Minister's Advisory Student Council, WE Schools, Tecumseh Senior Public School and students from Trust 15, BBPA and YouthLink. Thank you to RBC for sponsoring our student tables today. Students, please, rise to be recognized.

For the most part, Ontario can claim with great pride and only a tinge of bias that we have one of the greatest education systems in the world.

In the latest OECD PISA test results, Ontario is outperforming the OECD in nearly every category. Our average student performance in reading is the second highest in the world, and we have one of the smallest performance gaps between immigrant and non-immigrant students despite having significantly more immigration than many other countries on the index.

It is fair to say, then, that our provincial and national education systems have been successful thus far in preparing our students for their futures. Yet, the demands on our education system are undergoing a paradigm shift unlike any we have seen before. The last great reform in education came about in response to the industrial economy of the 20th century. This seems to pale in scope to the exercise of preparing students for an increasingly automated and digitized society.

The very character of labour is shifting at warp speed, driven by increasing globalization and the no-longer nascent field of automation. As software supplants brain power, human jobs are reduced or elevated, depending on your perspective, to AI-driven algorithms, and the very format of learning is changing as attention spans shrink. Today, youth eyeballs tend to favour Wikipedia over textbooks. Many anticipate that education itself will, of necessity, have to be modular and a life process rather than the intense experience of youth.

Then there is the question of online classrooms. Can they match or even exceed the learning outcomes of the personal teaching experience? Our modern education systems must address all of these challenges while at the same time reconciling the lessons learned from failures and transgressions of the past most saliently represented by the age of the residential school. We have to do this while maintaining the commitment to diversity, safety and equity at school, which forms the cornerstone of our educational philosophy.

It certainly will not be easy, but good education never is.

A good deal of the responsibility for navigating these challenges falls to our guest, today. The Honourable Mitzie Hunter is the Minister of Education, and the MPP for Scarborough–Guildwood.

As the former CEO of the Greater Toronto CivicAction Alliance, Ms. Hunter worked to solve some of the toughest social, economic and environmental challenges we have faced. She was also previously the Chief Administrative Officer (CAO) of the Toronto Community Housing Corporation, Vice-President with Goodwill Industries and a regional director at Bell Canada.

A lifelong city-builder, she is passionate about unlocking the urban potential by ensuring fair and inclusive access to employment and prosperity. Part of Kathleen Wynne's team, Mitzie Hunter has worked tirelessly to bring together people to solve problems and to create jobs and opportunity in our community.

Please, join me in welcoming the Honourable Mitzie Hunter to our stage.

The Honourable Mitzie Hunter

Bonjour. Good afternoon, everyone. It is wonderful to be here at the Empire Club of Canada. Thank you so much, Barbara, for that kind introduction.

Let me begin by recognizing that Toronto is located on the traditional territories of Indigenous people. I want to show respect for their contributions and recognize the role of treaties in what is now Ontario because hundreds of years after those treaties are signed, they are relevant to all of us today.

It is really great to be here at the Empire Club of Canada, and I am so thrilled to see all of

the students who have joined today because, students, really this is about you. Welcome.

[Remarks in French] J'aimerai remercier a L'Empire Club of Canada pour sont accueil.

The students who are here from my Minister's Student Advisory Council, the WE School, Trust, BBPA, SHAD and, of course, from my riding of Scarborough–Guildwood, are two students from Tecumseh Senior Public School and their teacher, Mr. Morris. Welcome to you all.

I believe student voice is extremely important. I believe that students will learn inside and outside of the classroom from experiences as well as from textbooks. Having students here today will, I am sure, contribute to many ways to their learning, and, perhaps, to our learning as well. It is my pleasure to join you all today and to speak with you about our vision for preparing Ontario's students for the future.

Looking around the room, I know that while there are many different fields, sectors and experiences here today, everyone shares a common goal: A strong economy, strong communities and a strong Ontario, one marked by strong growth that is shared widely. As we pursue this goal, all of us need to understand the challenges that exist in our constantly changing world, challenges that we only overcome if we equip our people, particularly our young people, with the tools and the attitude they need to succeed. That is the essential role that education plays. It is our strongest shield and our sharpest sword, our best guard against risk, our greatest hope for advancement.

Providing young people with access to education is good economic policy. It is good social policy. It is, plainly said, the surest way that we can advance the public good. For that reason, I can think of no greater responsibility that we have, as a government, or as a society, than to provide our young people with the finest education possible.

When you talk to young people—and I do that; I talk to young people and I try to listen to what they have to say—about how the world is changing, or when you look into the headlines, such as those that say "Lifelong learning is becoming an economic imperative" or "Teaching 21st century skills for 21st century success requires an ecosystem approach," you can see how advancements and technologies have dramatically changed how our world is going.

Even just in the past decade, think of how the smartphone, tablets, social media have transformed our daily lives, how we conduct business, share information and connect with each other. Think of the services and the companies that were once considered mainstream or essential that are now obsolete or are really on their way out. Even as our economy leads the North American economy in both jobs and growth, even as we attract talent and industry and world-wide interest from respected brands like Google and Reuters, we know that it remains an uncertain world. The pace of change is accelerating, and bringing with it a number of challenges, but also many opportunities.

In the last 12 months alone, there has been more data generated than in the previous 200 years. Ontario and Canada must be ready. Education is the remedy. It is the best way to unlock our future opportunities, to share them widely and to guard against these turbulent times.

What we know, without a doubt, is that a good education can prepare our students in the face of constant change and provide them with a lifetime of greater security and possibility. Simply said, education gives our young people choices. It affords them options. It offers them an added measure of control over their future in a world that is in constant flux. This is our task as a government. This is what we owe our young people. I want to assure you that it is a responsibility that we, in Ontario, and I, personally, as Minister of Education, take to heart.

Recently, I met with a few very inspiring and entrepreneurial young people from the Toronto District School Board. They stood tall and proud when they showed me a pair of sneakers that they had designed, and they were wearing them.

These students teamed up with the fashion industry professionals through a unique mentorship program at their school. They learned about design, marketing, social entrepreneurships, and these sneakers were designed, produced and sold at an event that they planned. In fact, you can even purchase the sneakers at a local fashion retailer in Toronto.

This is the result of what happens when students have hands-on learning opportunities. They develop skills that can transfer into real-world situations and foster career aspirations. November is Canada Career Month, a nationwide celebration of meaningful work. It is the perfect time to look at how we are preparing students at a time where we see new careers and pathways emerging, when we see technology disrupting traditional industries, and both young and older workers are having to make transitions and adapt.

Ontario's publicly funded education system is playing a pivotal role in the development of a strong and prosperous future. In fact, our public education system is rated by independent observers as one of the best in the world. I thank you, Barbara, for recognizing some of those statistics. It is a system that has been built and carefully nurtured over time, over the years, by our great educators, our administrators, and our parents and students. I want to say thank you to them.

Building on this success is key to making sure Ontario remains competitive and prosperous for the century ahead, and, even more importantly, places our people at the centre of that success, creating opportunities for everyone to do well and to get ahead. Let us start by recognizing that our publicly funded education system has earned Ontario a world-wide reputation for innovation, equity and excellence. That puts us in an enviable position on building on a strong foundation.

The OECD has applauded Ontario and our programs that are graduating more students. In 2016, the high school graduation rate increased to 86.5%. That is the highest it has ever been in our province's history. I want to just pause on that for just a moment. We are graduating nine out of every ten students who enter high school, more than any other government in Ontario's history, something that has never been done before, something that will serve us well in the long term. While we are proud of our results, there is more work that we need to do to serve our students even better, to put our people even further ahead and offer them an even better chance at a brighter future. Learning in the 21st century requires a greater emphasis on useful and practical learning. We need to teach our students the transferable skills that they will need to succeed.

This brings me to the first part of our plan that I want to share with you, to have students learn skills, which include things like critical thinking, communications, collaboration, creativity, entrepreneurship. Let me give you an example.

I believe that Yang Lin is here. Yang Cheng Lin is here today, and she is a fellow in the SHAD program that our government supports. SHAD is a month-long program that includes STEM, leadership and entrepreneurship. Yang Lin's experience included creating a startup to address the theme of reducing Canada's energy footprint. Yang Lin and her fellow students pitched their business ideas to a panel of expert judges. It required skills in teambuilding, business planning, product development, skills that they can use in any circumstance. These are the skills that students will need to succeed in the 21st century. We know this intuitively.

What makes a difference these days? It is the ability of our people to be creative, to see, to communicate and to connect where others cannot. Now, more than ever, the purpose of our education system, in practical terms, not just in abstract or in an academic sense, must be to teach students how to think, to learn to learn, and we must provide them with every opportunity to become successful, productive, compassionate and actively engaged citizens.

Of course—and let me assure you—the fundamentals of reading, writing and math remain essential to student learning. We have committed ourselves very much to those basics. At the same time, we have a focused plan that builds on our successes while embracing new ways of learning so that students are prepared to seize the opportunities which lie ahead in a world defined by new trends and new technologies. We have set the goal of broadband speeds to the global standard of 1MB per second, per student, so that they can succeed in the digital world. It is a priority of our government that all students in Ontario are provided with all the tools necessary to reach their full potential.

That is why we are modernizing Ontario's curriculum from full-day kindergarten through to grade 12. We are creating spaces for teachers to pursue deeper learning in the classroom. We are increasing our emphasis on transferable skills while focusing on core skills, such as math.

We heard from employers that these skills are assets in the labour market. We also want to help students take full advantage of their education experience with a brand-new curriculum that better engages a young person's interest and potential. We are also taking steps to give students and parents better information about a child's progress through report cards and EQAO, which oversees education and quality. We have already begun to engage with our partners to do just that to make sure that our curriculum is culturally relevant, that it can measure a wide range of learning and that it can better reflect students' wellbeing and equity.

This leads me to the second part of our plan, which is to ensure that we are unleashing the potential of every student. To achieve this, we are strengthening wellbeing supports for students, educators as well as staff in order to make schools across the province more inclusive, safe and welcoming environments, and we are intentionally deepening the interconnectedness between achievement, wellbeing and equity.

We know that students are better able to learn when they feel supported, when they feel safe and welcomed at school. That is why we will continue to do what is necessary, so that every student can face the challenges of life with confidence and resiliency.

How hard is it for students to learn when they have not had breakfast or concentrate if they do not feel safe? We are investing in school programs that enhance student wellbeing by giving students access to more physical activity opportunities, increasing school breakfast programs, bullying prevention initiatives, recreational activities and mental health supports for schools.

When we talk about these times being uncertain, powered by change and defined by incredible, new technologies, we need to recognize and keep in mind that these same forces are affecting our young people.

Not all of those effects are positive. Anxiety for students is increasing. One in five students will encounter mental health issues. Nearly a third of children and youth are overweight or obese. Screen time is on the rise. Students are spending more time in front of televisions and smartphones and less time in unstructured play.

We need to strengthen the resources. We need to make them available to students. That is why we created the Education Equity Action Plan with a secretariat within the Ministry of Education to remove systemic barriers to the success and wellbeing of all students. For example, we are taking a bold step by introducing a new approach to grade nine, to allow students more opportunities to explore pathways to work, college, apprenticeship as well as university. We also want to make our education system fairer and more inclusive for all students.

[Remarks in French] De plus, nous sommes déterminés à rendre notre système d'éducation plus juste et plus inclusive pour tous les élèves.

And it does not matter where they live and it does not matter what their backgrounds or means are because students in my riding of Scarborough–Guildwood confront challenges that are different from those in our rural and remote communities. All students can achieve success in school.

[Remarks in French] Tous les élèves peuvent réussir à l'école.

My job, as Ontario's Minister of Education, is to make sure that all students have the tools and supports to reach their full potential and encourage these young people, these young minds, to think about life beyond graduation, whether it means attending a post-secondary institution or pursuing skilled training. That is why the third part of our plan will create more opportunities for hands-on learning outside of the classroom, also known as 'experiential learning'.

I am sure that we all agree that the jobs of today look very different than they did 20 years ago. As the labour market evolves, it is important for students to have the opportunity to test-drive their career options. That is why we are making new investments in community connected experiential learning, so schools can create more opportunities for all students. Now, every school board across the province will have a dedicated person to support these learning opportunities for students from kindergarten through to grade 12. Together with school boards, these coordinators will establish networks to better connect schools with their communities and with local business owners and services within the community, in placements such as the local bakery, the chocolate factory, the mechanic's shop or the design studio, so that students can think and see and experience what careers could be. These investments will build on the work already underway to expand our renowned Specialist High Skills Major programs, or SHSMs as they are called.

One of the reasons that this particular program is so successful is that it allows students to customize their high school experience. It engages them to match their strengths, their interests, their career, and life goals with experiential opportunities in their local communities, ranging from agriculture and forestry to business, energy, arts and culture, as well as aviation and aerospace, health and wellness, amongst many others.

What is important to note is that when school boards develop their SHSM programs for their schools, they will work closely with local industry leaders on the skills and the knowledge that is essential to that sector, so programs like SHSMs and co-op education and Ontario's Youth Apprenticeship Program have twice the impact, both for students as well as their employers.

Ten years ago, we started with 6,000 students and 27 SHSM programs at 44 schools. Today, this year, more than 50,000 students have enrolled in almost 1,900 Specialist High Skills Major programs in nearly 700 schools. We have seen these programs succeed again and again across Ontario.

In Waterloo Region over the last several years, students in the Waterloo Catholic District School Board have had the opportunity to visit Communitech, a technology hub. They partnered with entrepreneurs in technology and startups to solve challenges. This year, our students developed a more engaging dining experience in new restaurants with holographic menus and interactive display tabletops as part of their solutions. Just think about that, the impact that a program like this has had on thousands and thousands of students and their communities over the last decade. In fact, helping schools increase experiential learning opportunities for all students is one of the key recommendations of the premier's highly skilled workforce expert panel.

In response to this, we launched a series of 29 career studies pilots earlier this year and have now expanded those pilots even further across Ontario to 90 schools. The research that we generated from those projects include learning opportunities related to education and career life planning, entrepreneurship, digital literacy, financial literacy, and, if I can add, financial literacy, which among students remains a key priority for our government.

Thank you. In fact, I am very pleased to say—and thank you for applauding—that we are making financial literacy a mandatory component of the grade 10 career studies course starting this coming fall.

We know that students want and need to know how to manage money because, when they go to post-secondary education, they need to know how to do a budget and how to manage credit and/or their student loans. These are just the basics that they need to know. Programs like the new OSAP that offers free tuition are helping more than a quarter of a million students access post-secondary education this year. Students need to know how to manage their money before they get there.

As we make these strides in education, you will see how initiatives are paying strong dividends for Ontario. Moving forward and reaching new heights requires all of us to work together. Ontario's reputation as a leader in education has been hard earned, and we can lead by investing in what matters most, our students. We know there is still more work to do, and we will need to work with you to help us get there, but we are convinced that we are on the right track, that hard work will take us there and that our students will go even further.

On a personal note, nothing is more important to me—and I mean that literally—and nothing could be more important than providing our children with an excellent public education. Publicly funded education is the greatest single action that we can take to protect and uplift our children, and ourselves for that matter, in a world that is seized by change with an aging population and new technologies transforming what we do and how we do it. In the face of all of this, we know, we absolutely and emphatically know, that education will be the difference maker.

It is our commitment to education that will set us apart and above all others. We recognize exactly how high the stakes are. We know precisely how much rests on the choices that we make and the steps that we take. We are steadfastly and intensively dedicated to strengthening our publicly funded education system by ensuring that all students will have every opportunity to thrive and to fulfil their potential with our renewed focus on achievement, wellbeing and equity.

I want to say thank you to all of you for your interest in public education.

[Remarks in French] Alors, je tiens à vous remercier de votre intérêt envers l'éducation public.

I want to ask you, if I may, to think about not only what government can do, but what we can all do to help create these critical learning opportunities for students. Connect with your local school boards. See how your business or company or organization can offer hands-on learning opportunities for students. Speak to educators, our teachers, our students to see what you can do. What opportunities can you unlock? What possibilities can you inspire? Help us to make education something that is living, that is real and that makes a tangible difference in young people's lives.

I want to say thank you to the Empire Club for having me here. Thank you to all the educators who are in the room today for the work that you do on behalf of our students each and every day, and thank you, everyone, for your commitment to public education in Ontario. Thank you. Merci. Miigwetch.

Questions & Answers

Q: Minister Hunter, thank you for the speech. My name is Paymon Sani. I am a member of Professional Engineers in Ontario. I am also a part-time teacher at Sheridan College. I have been engaged with students. The only time I was not engaged with students was when I was at university. The question I have on the table today is what are the changes coming in the math curriculum, and are there are any opportunities for Professional Engineers in Ontario to lend a hand to the Minister of Education in this field? Thank you.

MH: Thank you for your question. I am going to start with your last question. Yes, we can certainly use the engagement of Professional Engineers of Ontario.

And I am very excited about the changes that we are making in math. I see math as something that is very important to our students because having math skills, numeracy skills, is very important to many jobs of the future. We want our students to have choices later on, so, to all the students, do not drop math. Stay with it and get the supports that you need. There are many supports. We have actually introduced a renewed math strategy in Ontario across all school boards, across all grades. Our focus is to increase our capability in math here in Ontario. We are providing supports to teachers as well as part of that renewed math strategy.

We are providing supports to students and even where it concerns the engagement of parents because sometimes even the public dialogue around math tends to be "I did not do well in math."

We want to reduce that fear of numbers for students. We have a number of resources that are designed to support parents, students and their families, and we have a relentless commitment to math. We want to see Ontario's students continue to do well. We still are holding our own on international standards, but there is much more we can do in that area. I thank you for the support you are offering.

Q: Thank you, Minister Hunter for having MSAC students here today. My name is Breana Dudemaine.

I just had a question around student involvement in their education. What are examples of ways that our Ontario education system is changing so that as students become more innovative, they have opportunities to be innovative within their education and shape their learning so that they can reach their full potential and feel included in their education?

MH: Thank you, Breana. This is why I have a Minister's Student Advisory Council, so I get to hear directly from students across all 72 school boards—both English and French—in terms of how we can make improvements to our education system. Student voice is very important to me. In fact, with the financial literacy that we are making a mandatory part of our curriculum, we know that we are already doing well in financial literacy; it is being delivered from grades 4 to grades 12, but we can do better. We can make a dedicated mandatory module as part of our curriculum, so every student going through our system will have that great opportunity.

In terms of your voice as students and as young people, one of the things that I say to students is that you are leaders now. Yes, you are going to be leaders in the future, but you are leaders now. You are leaders right now. Bringing your voice forward really matters in helping to shape your education.

I visit a school each week. I try to do that. That is my goal as Minister of Education. I see what is happening out there in our schools and the involvement that is happening in all schools. I was in Ottawa at De La Salle, and they introduced me to a gender-neutral washroom.

This was a concept that came forward because of student voice and because they wanted to have a greater sense of inclusion and belonging in their school. They actually changed the physical structure of their school to make sure that students felt that they belonged. Those educators gave students that space to make that decision and to carry it out. I would encourage students to make their voices heard. I know that educators are receptive to hearing that. There is a lot of variation in learning in our classrooms and in our schools and within our boards. It is never a one-size-fits-all, and it is important that students are at the table, which is also why we have student trustees as well at the governance and leadership level in our system of education. Thank you so much, Breana, for your question.

Q: **Bonjour Madame la Ministre. Carole Beaulieu, and I am here with my colleagues from the TFO Board. I also work in an art and design university. I am very excited about the experiential component of your speech today. I think that we are all taking notes here at TFO, and we see ourselves as an innovator on multiple platforms and as doing that work on behalf of the system in Ontario. My question is: Will the experiential learning component be broad? Will it involve the creative sector? I am thinking of the music industry. I was happy to hear design. Even within our own portfolio here at TFO, we have innovation, and we have creators in our studios every day. What is your thinking about bridging the creative sector to that experiential learning piece for students?**

MH: It is such a great question. Merci beaucoup. It is going to be broad. It is also going to span K–12. I think it really fits into the work that we are doing on inquiry about putting students at the centre of their learning. Frankly, I see it as a contributor to our high school graduation rates. If students feel really engaged in what they are learning, and they are helping to co-design and shape that learning, they are having real experience and connection to their community. And that is when what they are learning makes sense to them. I absolutely see it as being really broad. That is why my appeal to everyone in the room today is really think about those partnerships, so that it can open up how we can all work together in communities of all sizes in this province. To the chocolate factory example that I gave you earlier, there is an actual chocolate factory out in eastern Ontario that brings our students in for experiential learning, and so that is really tying that continuum of what is happening on the farm to what is happening in the food production and also there is a store and retail and distribution. Students are really getting a breadth of experiences, and they are very excited about that learning.

This summer, I visited a school in Windsor, Dr. David Suzuki School. I chatted with the students who were running the summer program about what they were learning. They said to me, educators, the best part of their high school experience is their SHSM program. They were actually demanding to add a new SHSM program in business at their school, which is wonderful. This is what we want. We want our students to be so excited and so engaged and to see themselves. So to TVO, TFO, our Ontario's education partners in the digital space, I really see you as integral to that work in experiential learning. Thank you so much for your work.

Note of Appreciation, by Monica Masciantonio, Vice President, Government Affairs, Scotiabank

Good afternoon, everyone. Thank you all for being here.

I especially want to thank the Minister. Minister Hunter, your passion was clear today. I think your speech was fantastic. Your enthusiasm and dedication to young people and their future is inspiring.

Thank you for sharing that vision of preparing Ontario's students for the future. The skills you are working to equip these students with today will contribute to a competitive and prosperous Ontario, which is very important to all of us.

Scotiabank, as you heard, was especially happy to hear how you have incorporated financial literacy into the school curriculum. I hope that all the other provinces follow suit. That is a wonderful initiative.

I hope you all continue this conversation past this lunch. I think it is vital to our country's future. Again, thank you, Minister, and thank you all for being here.

Concluding Remarks, by Barbara Jesson

I want to express a very sincere thank you to our generous sponsors, today. Without wonderful sponsors like you, these lunches that play such an important role in our public dialogue would just not be possible. To Scotiabank and to RBC, thank you, sincerely, and from the bottom of our hearts for your contribution to today's event.

We would like to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world.

Although our club has been around since 1903, we have moved into the 21st century and are active on social media. Please, follow us on Twitter @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram. Finally, please, join us again soon at our next event, December 4th with Andy Byford, the Chief Executive Officer of the Toronto Transit Commission, at One King West Hotel. Thank you for your attendance today.

This meeting is now adjourned.

The Empire Club Presents

ANDY BYFORD,
CHIEF EXECUTIVE OFFICER OF THE TORONTO TRANSIT COMMISSION

WITH: REFLECTIONS: THE TEN BIG CALLS OF MY TTC CAREER

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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December 4, 2017

Good afternoon, ladies and gentlemen. From the One King West Hotel in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting.

Before our distinguished speaker is introduced today, it gives me great pleasure to introduce our Head Table Guests.

I would ask each Guest to rise for a brief moment and be seated as your name is called. Please, audience, refrain from applauding until all of the Head Table Guests have been introduced.

HEAD TABLE

Distinguished Guest Speaker:

Mr. Andy Byford, Chief Executive Officer, Toronto Transit Commission

Guests:

Mr. Josh Colle, Chair, Toronto Transit Commission

Mr. Michael Kobzar, Director, Sales Ontario, Siemens Canada Ltd.; Director, Empire Club of Canada

Mr. Remi Landry, Vice President, Major Projects Rail and Transit Construction, SNC-Lavalin

Mr. Patrick O'Neil, Vice President, Mobility Division, Siemens Canada Ltd.

Ms. MJ Perry, PhD Candidate, Theology (University of Toronto); Vice President and Owner, Mr. Discount Ltd.; Director, Empire Club of Canada

Mr. Jack Simpson, Director, Generation and Capacity Planning, Toronto Hydro

My name is Barbara Jesson. I am the President of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

I was riding the #2 to Bay Station just a few days ago when I overheard a conversation between a young man and a woman. With an increasingly colourful vocabulary, the young man was drawing comparisons between public transit in Toronto and his hometown pointing out the frequent delays and interruptions in Atlanta's service. The young lady he was with, preoccupied as she was with her phone, mumbled with disinterest something like, "Yeah, I hate it when we have delays here, too." The conversation continued to resonate as I thought about our lunch today, and the specific word that stuck out to me was 'when'. She said, "When we have delays." The inconsistency and inefficiency that characterizes the commuting experience for so many North Americans has diminished significantly for TTC riders in Toronto. By all metrics, the TTC is excelling. Delays in rider complaints are down. Rider satisfaction and on-time performance are up, and new fare systems and infrastructure have made it easier to get people where they want to go.

From a period of relative infamy in the early 2000s, the TTC has emerged as a global transit leader, recognized only months ago as the best public transit agency in North America. Please, note that when I offer this praise, I am not addressing infrastructure. That is a whole other discussion, but, given the hand he was dealt, our guest today has moved mountains, and he has done it with transparency and commitment.

I organize my morning routine around CBC's Metro Morning, and I am always impressed by the fact that Mr. Byford is there frequently, taking knocks on the chin, explaining delays, offering reassurances and updates, and providing frank, honest responses to criticism.

While Torontonians refuse to abandon the time-honoured tradition of TTC bashing, the reality is that our guest has given us a transit system that is the envy of other major North American centres. The realization of an effective and efficient and, most of all, safe transit system could not be more timely as transit has never been more important in our urban centres.

Our guest today may be leaving the TTC, but, rest assured, his efforts have put a system in place that is well equipped to meet these challenges and carry our city forward into the future. We are privileged to be joined today by Mr. Andy Byford, CEO of TTC since 2012.

For years, Mr. Byford has led the largest transit agency in Canada, and the third largest in North America, carrying over 540 million riders on an annual basis. Over his time with us, he has been responsible for the delivery of safe, punctual, reliable bus, streetcar, SRT, subway and Wheel-Trans services.

From 2009 to 2011, Mr. Byford delivered service to a million customers a day on Australia's largest transit network as Chief Operating Officer of Rail Corporation in Sydney. From 2003 to 2009, he held the positions of Operations Director and Operations and Safety Director with UK Railway and South Eastern Railway Limited, UK. Please, join me in welcoming Mr. Byford to our podium.

Mr. Andy Byford

Good afternoon, everyone. The first challenge is to make sure that I say what an honour it is to be standing here at the Empire Club of Canada. For those of you who were not here the last time I was here, when I got up, I said, "It is a great honour to be here at the Canadian Club." I am so glad to have gotten over that first hurdle. It is all these maple leaves they threw me. It is great to be back here at the Empire Club, and not least to be back in this fabulous room where, not so long ago, I was very proud to be awarded the IABC's award for the Communicator of the Year, which my very good friend and colleague, Brad Ross, put me up for, though I think, actually, you were a more worthy recipient of that. That also was in this beautiful room. Brad, I hope in my few words today I prove worthy of that award. You will notice, I am not standing at the dais today because I just thought what might be more interesting is, rather than me read out a speech, to actually talk about ten seminal phone calls that have really framed my time here at the TTC.

But first just a bit about, in some ways, about how I got to be here on stage, today. MJ, one of the most persuasive people I know, apart from my wife, was saying to me from the start, "We must get you back to the Empire Club." At the time, when I accepted this honour of talking to you again, I did not know that I would be going to New York. In many ways, the coup for you is you get my swan song and in what is going to be a very busy next few weeks. There are ten things I would just talk about. It is great to see so many familiar faces in the room, although I am somewhat thrown by the fact that my boss, Chair Josh Colle, is here, and one of my commissioners—and forgive me if there are any others in the room—Commissioner Joe Mihevc, so I am going to have to revise what I was going to say somewhat radically. Josh and Joe, thanks for coming.

Ten seminal calls, and some of this is probably familiar territory to you, but then I will get on to the more interesting recent stuff. Call number one would have been the call that brought me here in the first place. I was in Sydney enjoying life, trying to avoid being stung or eaten or bitten, and got the call to come to Toronto. I have never regretted that call. Every time I go back to Australia—I have been back a couple of times. I love the place. As soon as you arrive at the airport in Sydney, you feel like you are back home; it is a great place, but I have been back a few times and do not regret it at all. This has been the most exhilarating, meaningful—at times frustrating—six years of my professional career. Ultimately, I have loved every minute of the past six years.

When I think back to why I took this job—and I took the job for three primary reasons—which, again, I may have mentioned before. Number one: Happy wife [means], happy life. My wife wanted to come back to Canada. She is from Ottawa. She is Canadian. The two primary reasons were: Number one, I really wanted to stretch my own experience. I am a railway man by background, as you heard from the kind introduction. I wanted to expand my knowledge to the five modes that we have here at the TTC. The main reason for coming was because I did see a golden opportunity here. I saw an excellent company that had been run by really illustrious predecessors, other chief general managers before me and who had bequeathed to me a very good legacy. I walked into a position of number two, actually. I was the Chief Operating Officer, if you recall, taking the position to which I was appointed, by Gary Webster, who was the Chief General Manager, at the time.

Gary brought me in because he recognized it was his call, so that is a big call. He knew that something needed to be done about customer service at the TTC. That is what I set about doing as a Chief Operating Officer.

Those first three months were very interesting, as I gauged what needed to be done, looked at what worked, what did not work, and planned out, really, what I was going to do, if I got the permanent job of Chief General Manager when Gary retired.

That was the plan. That was supposed to be what happened: One year of shadowing Gary and then taking over after that. As you know, that is not exactly how it panned out. After just three months, I was elevated to the top position of Acting Chief General Manager, to begin with, and then subsequently renamed as Chief Executive Officer.

What I have seen, though, in that first three months as the COO was that there was way more to do than the challenge I thought I was coming into. For starters—and I suspect these words will come back to haunt me—I have never been in such a political environment as Toronto. People have already said to me, "Wait until you get to New York. At least politicians get on here, generally." It is going to be quite the political challenge when I get south of the border. I had seen enough to know that we needed to do way more than the obvious things.

We did various things. We undertook a quick wins program, cleaned up the subway, cleaned up the trains so that they did not have garbage going up and down all day; we tidied up the collectors' booths. We did a lot of work in terms of introducing debit and credit facilities in collector booths, which was kind of crazy, but, up to that point, you could not do that. There was a lot of what I would call 'quick wins'.

I think what really struck me in that first three months was the fact that the real challenge was way bigger than that, again, and it was about building on Gary's excellent work and that of people like the legend that is David Gunn and a couple of Chief General Managers before him. It was obvious that what was really needed was a comprehensive, top-to-bottom modernization of the TTC. That would be really call number two.

The first call was coming to Toronto in the first place. The second call, and in somewhat traumatic circumstances, was the call that Gary and I received from a committee room at City Hall saying that Gary was out and that I was going to be put into an acting position. That was a very difficult time, obviously, for poor Gary, but it was a very difficult time for me, also, because I thought I had the luxury of a year shadowing my former boss to get to know who is who, what is where. I did not even really know the system. For Gary, it was the end of a wonderful 37-year career, and it should never have been ended like that. We are where we are.

I was elevated to the top position and set about, with my team, my executive team, and we knew that what we needed was a comprehensive modernization plan because, remarkably, there was no such document. There was no corporate plan. We put it together. It was going to be a five-year plan to deliver a transit system that makes Toronto proud. That was the vision we came up with. We put together a series of key performance indicators to keep you, the customers, apprised of what we were doing on a day-to-day basis, warts and all. Even if we had a bad day, you got to see what the statistics were like. This plan was built around seven key objectives to tackle every single part of what was a good, but somewhat old-fashioned, company.

Effectively, the way I describe it is we were addressing three key needs. We were upgrading infrastructure, which in many ways was very old-fashioned: There was old 1950s signaling on quite a major part of line one, and there were very old streetcars that were beginning to see the ends of their working lives. Second, the SRT, Scarborough Rapid Transit, was scheduled for replacement—more on that later—and streetcars that were, to a certain extent, held together with duct tape, literally, by what I call my miracle workers. A lot needed to be done, and that plan needed to address an overhaul of infrastructure. Processes were steam driven. They were the most archaic processes behind the scenes. No wonder the company could not have been as dynamic as it wanted to be in terms of offering excellent customer service. The third challenge, the prevailing culture, was a very militaristic top-down hierarchal, white, male-dominated structure that had seen the company well in previous years, but it was by no means fit for purpose back in 2011. That was really what we set out to do in that second call, an absolute focus on modernizing the TTC. In doing so, we were also embracing five megaprojects: We were offering a new streetcar fleet and ATC automatic train control; we were building the Spadina subway extension; we were rolling out Presto; and were embracing that new culture.

That is what we set about doing. As I got into my job, it was obvious to me that this was not going to be as easy as

I thought because, yes, we got the plan; yes, we were starting to make some difference and were getting some positive feedback with the various quick wins that we had undertaken. But, already, I started to fall foul of and encounter the politics of the day.

I guess call three that defined my time at the TTC would be various calls from former Mayor Rob Ford, rest in peace. I got very used to phone calls at 2:00 a.m. and even 3:00 a.m. from the mayor who, to be fair, was advocating for his constituents.

So often my phone would ring. My wife would say, "Don't tell me, it's Rob Ford." Sure enough, he would come on the phone. I will always remember he would always say to me, "Hi, Andy. It is Rob Ford, Mayor of Toronto." I would say, "I do know who you are. What do you want? It is 3:00 a.m." Invariably, he would say to me, "Buddy"—because he would always call you buddy—"I am standing at the corner of X and Y, and I have got someone here who wants to know where their bus is. Can I put them on to you?"

"Yes, Mr. Mayor, put them on." The person would say, "I have been standing here for 10 minutes, and my bus still has not got here." How the hell am I supposed to know where that bus is? One thing I have learned in 28 years of working in transit is the art of winging it. What you would do is just say, "We have just had a bit of a problem on that route. There is traffic accident. It will be with you in five minutes."

The person would then say, "Oh, thanks so much. Thank you. I really appreciate that." Of course, the mayor was very happy with me because I bothered to take the call.

Of course, the other big call from the mayor was about a football game. We all remember that there was all the big controversy about taking the bus from the football field where there had been a big punch-up between the mayor's team and another team, and we were ordered to get a couple of buses to take the football team back to Don Bosco Catholic Secondary School, which, of course, then caused a massive political row. I remember thinking that I had only been here a short time, and I remember thinking when, initially, I had no idea what the mayor was talking about when he asked me where the bus had got to, "How the hell have I got caught up in this big row about a football team and a bus?" To be fair, he did not ask for it; it was the police that had asked for it. Anyway, I just remember struggling somewhat with how I was going to answer that to the media who obviously wanted to know whether I was complicit in ordering that bus, which I was not. That is call number three.

Call number four is a type of call, and these are the calls that you never want to get. They are among certain calls that I got from Transit Control. And one of the things I was just saying to my lunch guests was that, when I finish at the TTC, I will have a brief period—it will be a wonderful period—of four weeks before I go to New York, with no phone. That is going to be so nice, not least because you are not getting calls about this and that, but also because, as a transit CEO, you never forget that you are the person, ultimately, with that accountability, and you dread certain calls. In my time at the

TTC, I have taken very difficult and disturbing and tragic calls.

Just a week into my tenure, if you remember, one week into my tenure, I got a call from Transit Control saying a collector has just been shot through the window at Dupont Station. That is the kind of call you do not want to get. What do you do? You mobilize straight away. I was straight off to Dupont for a quick check to see what was happening, to find out the facts. And then I was straight off to the hospital. The good news is that the collector survived, and he is well on the road to recovery.

Another call of this type was, remember, from Transit Control concerned the infamous poonami down at Union Station where a wall of foul water hit the contractors because they managed to go and break a water main, and that flooded Union Station. Since then, we have had two further calls, again—the kind of calls you do not want to take—involving colleagues of mine at Yorkdale and then, subsequently, at McCowan Station. Ultimately, they are the calls you do not want to take, but, certainly, I would see them as also being calls that define my time here. What that did do for me more than ever—and I say this as an ex-safety director at one of my former companies—was it reinforced more than ever the need to never, ever relax. Peter Sloly there knows, as a former senior police officer, that you can never relax on that kind of thing. I know, certainly, going to New York, the specter of the worst possible call and a major incident or some kind of terrorist attack is something you never forget about. You are always mindful of the need to exercise due diligence.

The next calls—there are two of them—under what I call 'call five', would be big calls that we made. The first one is very topical because, in just 13 days, the Toronto–York Spadina Subway Extension will open, the Line 1 extension up to York University and to York Region. It is no exaggeration to say that is just stunning. Wait until you see it: Six new stations, 8.6 kilometres of track, and not any old stations; these are Wi-Fi-, Presto-, cell-equipped stations. The train service itself will be of the new automatic train signaling system that we have been progressively installing on the west side of the Yonge-University-Spadina line. Even now, today, we have got ghost trains running, and the trains are being driven by the press of a button. You wait until you see that TYSSE. It is just stunning.

The big call was, of course, back in 2015, when I had to take the very difficult decision to remove the project management team and bring in Bechtel, who are an American construction company. That will prove to be the best decision of my professional career because, without that change, the TYSSE was headed for, at best, quarter four of 2018—more likely quarter one of 2019. Bringing Bechtel to work with the existing management team and to really focus on getting a 2017 finish, which to me, was the only acceptable alternative, will stand the test of time and, again, you wait until you see it. Come along and have a look December 17th, 2017.

Then, on that same vein, another big call was actually made by one of my chief officers, Mike Palmer, who is the

COO, and that was a call to say time out, time out on the signaling system that was being installed, which was hopelessly overcomplicated in the way that it had been set up some years back with far too many contractors and far too many complex interfaces. That again, was a project that was heading for big trouble, was not going to deliver the scope. And it was not going to deliver on time, on budget. We simplified things. We simplified the contracts, and Alstom, who are now our basically primary contractor, will deliver that signaling system to TYSSE on time and on budget. And then we will finish the job off by going around to Finch by the end of 2019. I think that is a real achievement because that project, again, was in big trouble. Also, this will be the first major brownfield installation of this system anywhere in Canada. It is a real triumph to do that and to overlay that on an existing railway—never easy.

Those were big calls we made. The next one was a call I made. This was somewhat controversial because probably the most complex and enduring and controversial issue I have dealt with is guess what? The Scarborough subway. That has been a bit of an albatross around my neck in many ways because everyone has such a polarized view. Should it be an LRT? Should it be a subway? I found myself, in my tenure, accused of having misled council, which is a very, very serious accusation to be made against a public servant and one that cut to the quick of everything I believe in and wounded me terribly because that is just not who I am. I would never, ever set out to mislead council. What we did was we prepared for a council debate where it was obvious there was going to be a resurrection of a discussion about whether it should be a subway or an LRT. What I am going to say is this, for the record—absolutely and funnily enough, my Chief of Staff is here in the room with us: People, still, to this day, say that the briefing note was prepared for the mayor. No, it was not. The briefing note was prepared for me by my Chief of Staff period. There were problems with the way the note was subsequently disseminated, but that was not in any way Machiavellian or conspiratorial. We have learnt the lesson from that, but that was probably the low point of my TTC career. I could not believe it when I read the paper and found that I was being accused of misleading council. My big call, that big call, was that day of reading that in the paper. I called the Ombudsman, which is unprecedented, because I was phoning her, the person you do not want to mess with. I was phoning the Ombudsman to say, "I would like you to investigate me." Why? Because I was super-confident, totally confident that not only would I be personally vindicated and exonerated, but that the TTC had absolutely nothing to hide.

That request of the Ombudsman was not agreed to because she felt it was outside her jurisdiction, and you know the rest. The AG (Attorney General) subsequently got involved. The AG investigated it and did, indeed, duly exonerate the TTC. Yes, we made some mistakes, but there was no malicious intent, and I am glad to say that I can leave this city and head off to New York with that having been cleared.

We are on to call seven, then. There have been lots of these calls. Anyone here from Bombardier? No, okay, but

I am aware that the cameras are rolling. We have had lots of phone calls, as you might imagine, with Bombardier on the much-vexed subject of our streetcar order. We currently have 51 of these wonderful beasts running up and down through town, particularly, going very well through King St., actually. Thank you, Jeff, for your support and leadership on that.

The Scarborough subway was probably the most concerning and troubling time of my tenure. Without question, the new streetcar order has been the most frustrating because the sad thing is they are fabulous vehicles. The customers love them. They do a great job. They carry the masses. They are Presto equipped. They are air conditioned. They are low floor, so they are accessible, but we just cannot seem to get them built to the right quality level, and we cannot seem to get them built to the right quantity. Anyway, we will get there. By the end of the year, we are supposed to have 65. We will see about that. I will be talking to my board next week about what we think the end-of-year figure will be, but, ultimately, the one thing I am proud of is the fact that we have never let Bombardier off the end date. By the end of 2019, all 204 vehicles will be introduced into service. Obviously, the challenge for Bombardier is it gets ever harder as you are running out of time on a fixed timeframe.

You have got to build even more, even more quickly. That is their problem. That is their challenge. What we have been pushing for is now that they are not building LRT vehicles for Metrolinx, now that they are not building—thank goodness— subway cars for New York City transit, they will have plenty of spare—that is going to get me into trouble right? Scrub that. They will have spare capacity at Kingston. We have already said, "Why can you not put on an extra production line at Kingston?" We will see. To be fair to Bombardier, once they get it right, they really get it right. We also have Bombardier trains. The rocket trains on Line 1 are delivering Asian standards of reliability. They can get it right. I just need them to do it more often. Three more calls. Next one is a set of calls from the union about things that we have done that are controversial, but they were the right things to do. We did bring in new work practices. Remember, I said the artwork practices were somewhat archaic. We brought in a one-person train operation on our Line 4, Sheppard. We brought in contracting out.

We have contracted out cleaning of washrooms, garbage collection, bus service lines. Again, these are highly controversial, but I felt they were the right things to do. The most controversial of all: Random drugs and alcohol testing, which is the norm in the UK, in Australia, and where I am going in the U.S., but that is highly contentious, but I stand by what we have done. It was the right thing to do. Again, back to that former safety director in me: If you know that there is something going on, and you do not act on it, that is guilty knowledge. If you do not take a duly diligent approach to things, that is a go-to-jail card. We knew that there were issues—only a tiny, tiny percentage of staff. Most of them are good as gold, but we could not ignore that. I am proud of the fact that we did tackle those and other difficult issues during my tenure.

Call number nine was a call that I kind of dreamt of for five years. When we launched the corporate plan—and there was a bit of kid psychology involved because what we said at the time was that if we cut out the silly stuff and if we up our game and if we pull together as one team, we could get the TTC back to being number one in North America. This was to 83 employee town halls, so it was a somewhat skeptical workforce who, initially, thought, "Who is this guy? What does he know? He has only just got here." What we said was if you do those three things—cut out the silly stuff; up our game and improve performance; pull together as one team—we can get the TTC back to being number one in North America. That is the prize. We came very close, actually, to winning that in 2016. Minneapolis won. I have to say, I said to my exec—I am not being funny—"If Minneapolis can win it, we can win it. It is a way bigger property."

The day we got the call from APTA to say we have won the Outstanding Transit of the Year Award was the absolute highlight of my time at the TTC, not for personal satisfaction, but I wanted it for the frontline staff, the much maligned TTC staff who work day in and day out and against whom the criticism is just relentless. We wanted it for them. I am so proud that we won that award for them. There was a lot of scoffing in various parts of the media and parts of the city, and, to be fair, some skepticism on the parts of our traveling public, but as Brad rightly pointed out, APTA do not award for perfection; they award for action. What they said was, "Over the last five years, you and your team have performed sterling work in tackling all of these various issues and in modernizing the TTC." That is why we won it.

I sent a note to my staff to say do not be demoralized by the reaction. Are our customers happier? Yes, record customer satisfaction. Are the staff more engaged? Yes, because we measure that, too. Do our peers think we are doing a good job? Clearly, yes, because they voted for it. I said, "Ignore the scoffing. Let them scoff away. We deserve that award." The best thing, for me, was the fact that we also did a Vox pop up of all of a load of our employees—not top managers, not senior top brass, but janitors and collectors and operators and mechanics—and we asked them one simple question: "How did you feel when you heard that TTC had won the APTA Outstanding Transit of the Year Award?" Without a single exception, they said they were just puffed up with pride, that finally the TTC was getting some recognition and finally someone was appreciating the job that they do, day in and day out, which is why when I went down to Atlanta, I dedicated that award to them. It is their award.

Then, that takes me full circle. Call number ten is the call from New York. I am truly poignant about leaving. I have loved every minute of working here in Toronto.

It has been an honour to lead the TTC, and it has been an honour to serve you, the people of Toronto. I have been lucky in that I have got a great team. A number of my executives are here today. The TTC is a phenomenal organization.

It is a much-maligned organization and a much-misunderstood organization. I am also lucky in that I have had supportive board members. I have also had three chairs who have always backed me: Karen Stintz, Maria Augimeri and, now, Josh Colle, on whose watch this company has introduced something like 1,000 new vehicles. We are really making progress. Josh, thank you, and, to Commissioner Mihevc, thank you for all the support.

It has been interesting seeing what people say when they hear I am going to New York. The general reaction is either congratulations or, "Are you completely nuts? Are you sure you know what you are doing?" I am going really for two reasons: Number one, because it is nice to end on a high record of Outstanding Transit of the Year and the soon-to-be open Spadina extension, which really will be such a triumph when we get that thing open. Also, number two is that any transit professional really aspires to do one of the big three jobs, which are, I would say, Hong Kong, London or New York. New York are not going to ask twice.

In closing, I am looking forward to it. We will see how it goes. The way I look at it is that someone has got to do it. It is the biggest, toughest challenge in transit right now. Someone has got to give it a go. Hopefully, it is the guy with the funny accent who is going to go in.

I do not know what they are going to think of having a Limey tell them what to do, but I am quite looking forward to it. It has been my honour and a privilege. Madam President, it has been an absolute honour to once again speak before this august institution. Thank you.

Questions & Answers

Q: Mr. Byford, the TTC is a unique organization that still does not contract out a lot of their work. You still have a lot of your own carpenters, your tile setters, gardeners. A lot of organizations would find it strange that you would employ people to do that rather than contract it out. Maybe you could talk about the culture or the theory behind the decision to do it that way.

AB: We have contractors and things. Again, it was highly controversial. Actually, it was in the run-up to the 2014 CBA, collective bargaining agreement. At the time, I took the view that there are some things that are core business, which are clearly moving people from A to B on safe, reliable, well-maintained infrastructure and vehicles. And some things just, to me, are not core business—cleaning washrooms is not exactly our core business, or picking up garbage. Probably the most controversial item was we certainly contracted out what are called the bus service lines where the buses are brought in at the end of the day, and they are fueled, and they are swept out, and then they are washed and lined up ready for the next day.

That is actually contracted out. I do not know. At the end of the day, it may seem like an odd model.

There are advantages to being able to call upon your own in-house resource. What I would also say is a lot of these people are highly motivated and very capable at what they do. I think it is a challenge for the future, maybe for my successors to, again, look at what you might call a make or buy decision. What I would say is we have got people in different sections of the TTC who truly excel at what they do, so I certainly do not think contracting out en masse is a panacea. I think it is the kind of thing you do on a one-for-one basis. You look to see what the individual case is.

Q: What would be your recommendation to your successor, and the city in general? Where do you see the TTC and transit in the GTA moving in the next five, ten years?

AB: On specific advice to my successor, whoever that may be, would definitely be to maintain the course that we pursued as an executive. I think you have failed as a leader if when you leave, the culture slides back to how it used to be. We have really put a lot of work into culture change, into focusing on good people, not letting bad people off the hook—the errant few. We have worked at recognizing and rewarding quality people, of whom there are many. We have tackled a lot of issues around diversity. We have now got six women on our executive. There would never have been a woman on the executive five years ago. It is now six and six on merit. I definitely hope that the change, the culture change where you look to catch people doing things right rather than catch them doing things wrong is maintained because there is only one way to deliver world-class service, and that is through motivated people who want to do a good job, not through coercion, which has often been tried in various transit companies where I have worked—that is the big-stick way of managing. It does not work. It does short term. That is not how you get sustained improvement. I definitely advocate, whoever takes over, please, maintain that approach because I think it is working. That is one of the reasons we have very high levels of customer satisfaction.

Secondly, keep the pressure on about two things. One, relentless attention to detail and relentless work on improving the underlying infrastructure. This means keep maintaining track; keep renewing drains; keep renewing HVAC. As Josh once said, these are sort of the unsexy stuff that does not get a photo op, but you have got to do it. You have got to modernize the TTC in that respect. Secondly, keep advocating for expansion. We need a waterfront LRT. We need to get a solution for Scarborough. The Scarborough subway is being taken to the 30% design mark. The SRT will not be able to keep going forever. Then, finally, keep advocating for a relief line, which, as I have said since the day I got here, is a priority for the TTC. That has got to happen, or, even with rocket trains and ATC signaling, even with the additional capacity that brings, by 2031, Yonge and Bloor will be unable to cope.

Q: **Andy, I wonder if you would care to comment on the recent Toronto Board of Trade proposal that there should be one giant transit agency covering all of the GTA. Do you think it is practical, and what would the advantages/disadvantages be as far as you are concerned?**

AB: Do not forget, my background is London Underground, and the Tube comes under what is called Transport for London, so the concept is familiar to me. Actually, where I am going, New York City Transit is one of five agencies that come under the MTA, which is the Metropolitan Transit Authority. I think there are models for that, and there are some advantages to that because you can get economies of scale and look to have standard ticketing, standard scheduling, common standards in terms of quality of service to be offered, common standards in terms of signage. All those things can be achieved with one overarching organization. Certainly, I think, Transport for London has done a really good job in that respect because it truly does pull together all of the constituent parts of a transportation system—i.e. not just transit—and it does so well. However, I do not think people should be fooled by such as promise as, "Well, that is the answer to all of the problems," because, as I said on Metro Morning this morning, to me, the issue right now for the TTC is not really about governance; it is about funding and long-term sustainable funding. Bear in mind, the TTC, for all of the stuff we have talked about here today, remains by far the lowest funded major transit system in North America which—back to that Transit of the Year—is why I felt so strongly about it. A lot of the scoffers missed the point. We have achieved all of that in spite of being the lowest funded transit. To me, that is the real question that needs to be answered—not tinkering with governance. Maybe that is the right way to go in the future, but you still have got to get the funding right, or you will just have the TTC as part of a bigger organization still struggling hand to mouth, year over year for OpEx and CapEx funding.

Note of Appreciation, by Michael Kobzar, Director, Sales Ontario, Siemens Canada Ltd.; Director, Empire Club of Canada

Andy, we can really tell that you still love and care for this city very, very much. I think when you say you love every minute of it, you truly mean that. We can sense your enthusiasm about that.

I have to tell you, I was so impressed the very first time I saw you. I never thought I would ever sit at the same table, but I simply saw you on TV when you took on this job. You were being interviewed by a reporter. One of the profound observations you had made, at that time, was that the TTC did not seem to have a customer service culture at all, and you wanted to impart one on the organization, for which we are very, very happy that you did. I do not think Torontonians expected an essential service to have to have a customer service culture, but we can certainly see the changes. Often I will have American colleagues come to Toronto, and I always take them on the TTC. They are quick to notice these little pleasantries like the greeter at the Yonge-Bloor subway station who is so polite, and he tells people when the next train is coming and thank them for coming to the TTC. They find it just so Canadian to have somebody like that.

If there is one thing that really demonstrates who you are, I think it is what you had said earlier, that you requested your own investigation on yourself. What an incredible demonstration of leadership and integrity, which is very comforting for everybody to know.

Andy, on behalf of the Empire Club of Canada, everybody here, and I think I can say the entire city of Toronto, thank you very much for your time and comments.

Concluding Remarks, by Barbara Jesson

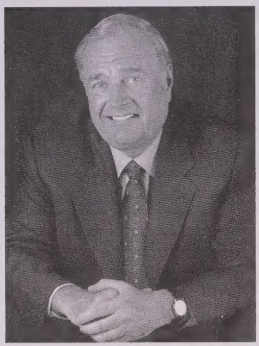
You come back anytime for a standing ovation. I would like to offer a sincere thank you to our generous sponsor, Siemens Canada Ltd. I cannot emphasize enough that these lunches, which I think are so important to our public dialogue, just would not be possible without sponsors like Siemens. A very, very sincere thank you.

I would also like to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world, so that those New Yorkers will know what to expect from you, Andy, when you arrive there. Although our club has been around since 1903, we have moved into the 21st century, and we are active on social media. Please, follow us on Twitter @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram.

Finally, please, join us again soon at our next event on December 6th with the Honourable Paul Martin, former prime minister of Canada, right here in this very location.

This meeting is now adjourned.

The Empire Club Presents



THE RIGHT HONOURABLE
PAUL MARTIN,
FORMER PRIME MINISTER
OF CANADA

WITH: EMPOWERING INDIGENOUS CHILDREN AND YOUTH TO BUILD A STRONGER CANADA

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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December 6, 2017

Good afternoon, ladies and gentlemen. From the One King West Hotel in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting.

Before our distinguished speaker is introduced today, it gives me great pleasure to introduce our Head Table Guests. I would ask each Guest to rise for a brief moment and be seated as your name is called. I would ask the audience to refrain from applause until everyone has been introduced.

HEAD TABLE

Distinguished Guest Speaker:

The Right Honourable Paul Martin, Former Prime Minister of Canada

Guests:

Mr. Michael Kobzar, Director, Sales Ontario, Siemens Canada Ltd.; Third Vice President, Empire Club of Canada

Mr. Jeff Lyash, President and Chief Executive Officer, Ontario Power Generation

Mr. Mike Martelli, President, Renewable Generation & Power Marketing, Ontario Power Generation

Dr. Gordon McIvor, Past President, Empire Club of Canada

Ms. MJ Perry, PhD Candidate, Theology (University of Toronto); Vice President and Owner, Mr. Discount Ltd.; Director, Empire Club of Canada

Mr. Christopher Wein, Chief Executive Officer, Great Gulf Real Estate

The Honourable David Zimmer, Minister of Indigenous Relations and Reconciliation

My name is Barbara Jesson. I am the President of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

We also have with us, today, the Minister of Natural Resources and Forestry, the Honourable Kathryn McGarry. Minister, thank you so much for joining us today.

Great Gulf has also invited with them, today, some students from the Master's Program at the University of Toronto and York University. Now, I would like the students to rise and be recognized. Where are you, our student table? Welcome.

We are delighted you could be with us today.

I have been told that our acoustics are not the best in the room, today, so I am not going to be rude by not addressing the peripheral part of the audience, but I am told that if I speak straight ahead, you are going to hear me. Mr. Martin has also asked me to make his apologies. Neither of us are trying to be rude, but we want you to hear.

Some speakers need no introduction. Certainly, the speaker that we have with us today is one of them. He has been with us before. In fact, his father also spoke at the Club many years ago. We are very delighted to have you back, sir.

The accomplishments of men like Mr. Martin and their contributions to this country run before them and say far more about their character than I can from this podium. Our distinguished guest today is perhaps our best example of this. All Canadians owe Paul Martin an enormous debt of gratitude.

Mr. Martin was likely Canada's most successful finance minister ever. I remember very clearly when he took office. The books had not been properly balanced in Canada for nearly 40 years, and we had the highest annual deficit of any country in the G7. It is hard to imagine, in these sunny days, how low our international reputation had sunk. The Canadian Pension Plan was on its way to insolvency. Our credit ratings had been downgraded, and I can still recall newscasters likening the Canadian dollar to the Mexican peso, on the nightly news.

Along came Mr. Martin, who told us that, come hell or high water, we were going to fix this. The path to get there would be arduous and take many painful years, but the country needed it. Few politicians would show the courage to take this long view to our finances, but Mr. Martin told us that if we wanted Canada to be a successful and a competitive country, we needed a national reckoning. Whether we liked it or not, Mr. Martin was right. Reconciling years of poor policy was by no means easy, I think we can all agree that it was necessary. Canada's deficit was erased. I do not particularly recall that there was any hardship that we really experienced as we went through the process. The five years thereafter, we had a budget surplus and a declining national debt. In fact, I would argue that the economic prosperity that we enjoy today, can draw a straight line back to the tough decisions made by Mr. Martin.

Those in the room will likely know better than most that before heeding the call to public service, Mr. Martin enjoyed an enormous success in business. As the Chairman and CEO of the CSL Group, he headed the world's largest self-unloading shipping company. Not only that, but when he purchased the company in 1981, it was hailed as the most important leveraged buyout in Canada.

It was with great interest, then, that I watched this lawyer, former shipping magnate and, undoubtedly, one of the greatest economic minds of our time, take the reigns as prime minister. He made one of his chief policy objectives bridging the gap between Canada's Indigenous peoples and the rest of the country. After generations of countless atrocities and broken promises, here was another courageous choice and then, one that was perhaps not the most obvious priority for a former finance minister. At the time, who could imagine that all the provinces, federal government, and the many Indigenous Nations of this country would come together to agree in a single sweeping accord? Yet, in 2005, the Kelowna Accord was announced. It took a man of great foresight to stake his political future on an issue few wanted to touch. It took a man of even greater conviction to actually broker an agreement. Once again, Mr. Martin stood on the side of the right instead of the easy. He told Canadians the hard truth, that not only was it a true moral imperative, but with all too familiar language, that it was an economic imperative as well.

It should come as no surprise, then, that Mr. Martin has unfinished business, that all Canadians have unfinished business. And though our former prime minister has been called to service again by the International Monetary Fund, the African Development Bank, the UN Economic Commission for Africa, and the Global Ocean Commission, he clearly feels that his true vocation is right here at home.

Ladies and gentlemen, please, join me in welcoming the 21st Prime Minister of Canada, the Right Honourable Paul Martin.

The Right Honourable Paul Martin

Thank you very much, Barbara, for that wonderful introduction. I have got a couple of speeches I have got to make next week. Would you like to come and introduce me? Also, thank you for telling people that I have got to speak straight ahead because I cannot look to the left, and I cannot look to the right. I do not want people to interpret that as a political move.

I am actually a little nervous. I went to the University of Toronto. When I came to the University of Toronto in my very first year, my father spoke at the Empire Club, and he asked me to come. It is a famous thing in our family that when my mother called to say, "How did your father do?" I said, "He spoke too long." I am a little worried that he is up there looking down, and there is going to be a bolt of lightning that is going to come down if I go too far. I am asking you to forgive me.

We meet today—Barbara and I were talking on this—on the traditional territory of the Huron Wyandot, the Seneca, and, most recently, the Mississaugas of the New Credit. These are acknowledgments that gain, in purpose, when I had mentioned that I had been asked to speak to you, by the Empire Club, about the importance of Indigenous children and youth, and if you will allow me to, I will speak a little bit about MFI, which is my family's foundation working in those issues.

Am I here to talk to you about a problem? No, I am not. I am here to talk to you about an opportunity, but it begins with a problem, one going back to the European explorers who, after they figured out that this was not China or India, believed that they discovered a new continent, one where no one of any consequence lived, despite the fact that there had been vibrant societies living here, educating, sharing and trading since time immemorial.

What made the problem worse was that from the start, the Europeans' message to North America's First Peoples was the mantra used by colonial powers all over the world. We told them—and what was worse was that we told ourselves—that everything we believed was good, and everything they believed, their history, their traditions, their culture, was irrelevant. Over time, because we imported disease, and we had bigger guns, the ability of the First People to resist was weakened. However, they were stubborn, these Indigenous people. Because of their strength of will, our attempts to eradicate their culture failed, thank God. That being said, their resistance came at a great cost, which can be seen today in the lives of so many Indigenous children, 50% of whom live below the poverty line.

After these opening remarks, the question you are going to be asking yourself, I suspect, is Where is this opportunity you are talking about? The answer, I believe, is that it will come when we build the partnership that we should have built generations ago, a partnership that, as the Truth and Reconciliation Commission advocated, essentially gives Indigenous children a fair shake. The question really is How do we do that?

Let me tell you a story. Children who cannot read or write by the end of grade three will have to play catch-up, regardless of their school, throughout their school years. The odds are—if you look at the statistics—that they will never graduate from high school simply because, if you cannot read in grade three, you get passed on to grade four; you get passed on to grade five and you never learn how to do it.

Faced with that reality, a number of years ago, the Province of Ontario initiated a turnaround program designed to improve the literacy capacity of the hundred worst performing primary public schools here. It was a huge success. After learning about it, on behalf of MFI, I went to see the minister of education, now Kathleen Wynne. I can say this to you, Minister Zimmer, Minister McGarry, so you can say thank you when you get back home. I asked her if I could learn the details of the program and for the names of those who led its implementation, both of which she readily provided.

Not long thereafter, in order to see how it could be adapted, we introduced the program into two on-reserve schools in Southwestern Ontario. How did we do? The best way to put it to you is before the pilot program began, only 13% of the students at the two on-reserve schools that we went into could read and write by the end of grade three. This compared to 70% in Ontario's public schools who could read at the Ontario standard.

At the end of our project, five years later, 81% of the grade three students in those two on-reserve schools had attained the provincial standard. They could read and write, and they read and wrote at a level that far surpassed the provincial average. These were spectacular outcomes. As a result, with the support of the federal government, we are now implementing the program in six schools, and we will be, by 2020, in 20 schools across the country. Hopefully, the program will continue.

Clearly, those numbers speak volumes, but what spoke even louder was what the Chief of Kettle & Stony Point, which is one of the reserves where one of the pilot schools were, and what he said when the results were announced. He defined, better than anybody I have ever heard since the demise of the Kelowna Accord, which Barbara referred to, what the potential is for the partnership required between Indigenous and non-Indigenous Canadians. What happened was this very large, big man stood up before everybody when the announcement was made, and the tears were rolling down his cheeks. He said to the assembled crowd, "You did not think they could do it, but look at what our kids can do when they are given the tools to do the job." Ladies and gentlemen, that is what the partnership we need requires.

The First Nations, the Métis Nation and the Inuit will do what has to be done. Our responsibilities, as Canadians, is to ensure that they have the tools to do the job. Our role is to walk the path with Indigenous parents in their communities as they seek the best for their children.

Let me give you a couple of other examples of what I mean. Imagine yourselves as the principal in a northern reserve school. Imagine what it is like. You have no school board to back you up. You have no ministry of education to back you up because Ottawa does not have a department of education. There is no other principal within 200 kilometres to talk to, and you may have received very little training for the job. It was to help to fill this gap that MFI created the principal's course. We brought in 13 expert educators from across the country. We brought them to the University of Toronto's Faculty of Education. For over a year and a half, working in partnership with OISE, they built the curriculum from the ground up. The program is now in its third year teaching Indigenous principals and those who want to be, online, across Canada. Those who have taken the course will tell you that the content is there. They will tell you that the standards are extremely high. Most importantly, they will tell you that it is a course that is not designed for big-city schools. They will tell you that it is a course designed for the reality that those principals face in these northern schools, confirming that education must be empowered from inside a school where it counts most.

Another example of providing the tools to Indigenous communities can be found in the Aboriginal Youth Entrepreneurship Program. The President of the Canadian Council for Aboriginal Business, JP Gladu was here. We are talking about the kinds of people that are part of his organization today, but we are talking about them when they were students. Through no fault of their own, many Indigenous communities have been shut out of active participation in the economy and the opportunity that that provides.

The collateral damage falling from this is a lack of work experience and skills development, and, among young people, it feeds upon itself inhibiting the resilience and their self-confidence. It comes down to self-confidence. Think about it. Think about it: When you are a 15-, a 16-year-old kid and you are asked the question all of us ask, the dumb question What do you want to be when you grow up? and you have never seen a business; you do not know anything about business. Why in God's name would you pick business?

Then we come along, and we say, "Why is there 85% unemployment in some of these communities?" It is because there has never been a business course taught in any Aboriginal high school. We have got one now, and it is working marvelously well. In fact, we created an accredited high school course with the goal of teaching Indigenous students the elements of business— everything from marketing to accounting, from how to raise money to how to close a sale. We started at a First Nations school in Northern Ontario serving small, fly-in communities of anywhere from 100 to 300 people down the shores of Hudson's Bay. We are now in some 42 schools across Canada. At their request, we are now expanding into adult education centres. That was at their request.

Why has the course succeeded? I will tell you the story, and I do not look very good in this. One reason is about two years after we got the course going—it has been going now for six or seven years—a young Oji-Cree student asked me why we did not have more Indigenous examples and role models in the program. In fact, what he said to me was, "Mr. Martin, you know that this is a course for Indigenous students, and you know that most of us live in communities of anywhere from 300 to 1,000 people. How come every one of your examples is in Montréal, Toronto or Vancouver?" I looked at him, and I suddenly realized, "Boy, are you a dope." I said that first to myself.

As a result, working with Nelson Publishing, we produced the first set of high school business workbooks and textbooks ever written for Indigenous students by Indigenous teachers about Indigenous entrepreneurs in Indigenous communities, and it made all the difference. In fact, we are now sending these books to New Zealand, to Australia. It is a wonderful, wonderful success story. These kids are really doing well. In other words, give them a chance to learn. Give them a chance to learn within the context and the culture that they are familiar with. If you want them to build businesses in their communities, then teach them how when they are young and ready to take on the world.

In the same vein, we have established a relationship with the Chartered Professional Accountants of Canada that led to the creation of a highly successful mentorship program, which they are running. We have reached out to the law firms. WeirFoulds is here. They have been with us from the very beginning. In fact, now we have also got a mentoring program with McCarthy Tétrault that we hope to see expanded in the profession, all of this building on our relationships. Why is this so important? It is because mentorship is partnership at its most personal.

So far, I have been talking to you about the tools required to play catch-up. We will continue to need these tools. The questions that Indigenous communities are now asking us is How will we stop having to play catch-up? And, to cite a prominent First Nations advocate, a woman by the name of Cindy Blackstock, of whom many of you have heard, "What if the next generation of Indigenous children was the generation that did not have to recover from their childhoods? What if they were able to break the cycle altogether? Is this possible?" Yes, it is, provided that we, as a society, are prepared to invest in families and their wellbeing, so that parents can build up the identity, the resiliency and the belonging that they seek for their children.

We know that the single most important factor in a child's early development is a stable and committed relationship with a parent, a caregiver or another adult from birth. If this is absent, then the consequences will be felt throughout that child's early life and far into adulthood. Some scientists, in fact all, confirm this today, but mothers have known it since the beginning of time: The nine months of pregnancy and the early years of a child's life are the most critical period in shaping the fundamental structures, the functions of the brain. Getting things right for the first time is a lot better than trying to fix them in later life.

Why am I telling you all this? I am not telling you because you do not know. You all do. In fact, I can see the women are shaking their heads positively, and the men are probably questioning me. I am telling you this not because you do not know it; I am telling you, really, because it provides the basis for a new program that we have been working on for a year and a half that I would like to talk to you about. It is a program that originally rose out of a conversation with an elder who raised the critical role that parents in communities play, when we were down there talking to him about our business course one day. We got into a discussion of what the scientists had said, what the mothers had said, and then the elder stopped all of us and just said, "Wait a minute. You think you are telling us. We knew this. We did this. We have this knowledge. Our traditional way is the family, and the community raises the child, but that was taken away from us by the residential schools." That elder was confirming that the Indigenous communities know what is best for their children. They know what their children need. They know what is best for their children's well-being. They also understand that they have to have the support that is required to re-establish those ways after all of those years of residential schools. That is what our new program is all about.

To develop it, we consulted with Indigenous communities from coast to coast to coast. We discussed it with Indigenous and non-Indigenous experts, health education, child welfare experts across the land. Together with them, we developed a five-year project, which focuses on fostering healthy development in the critical age of pregnancy to age five. The program trains home visitors from the community, only from the community, and then asks them to pair with all of the expecting mothers in the community who are living there, beginning with their pregnancy and up to the age of two. Then, the mothers will also participate in weekly talking circles, providing peer support facilitated by the home visitors and various experts who will be invited to speak.

I am sure it is the same thing in your families, but what happens right now, is so many of these young mothers are just left alone, kept to their own. There is basically no interchange. I have got three daughters-in-law, two of them with a number of children. I asked them, "Do you see your college friends?" They say, "No, all of our friends are the mothers of our children. That is where we meet them all." This is what happened. Why does it take a genius to understand that the same thing is going to happen within a community? So, we have set up these talking circles facilitated by the home visitors. They are bringing experts to speak to them. At the age of two, each child will then move to a play-based curriculum at a preschool-driven curriculum, and the home-visiting component will continue for another two years. They will be there right up until, essentially, when the child turns five.

By better resourcing new moms and dads and their families, clearly, we hope to see an improvement in child development, but we also hope to dramatically decrease the number of child welfare apprehensions, particularly, at birth.

Too often the current system that is set up, sets up Indigenous families for failure before their children are even born. The consequence of that is that almost 50% of the Canadian children who find themselves in foster homes today are Indigenous. Remember, Indigenous Canadians are 4% of the population and they are furnishing in the system 50% of all the kids, and in some provinces, by the way, that number goes up to 60% and 70% and 80%. The reason for this could be as simple as unfair as a mother's poverty. You think about it. A mother loses her child because she simply does not have the money to sustain that child. This goes against everything that we, as Canadians, say that we stand for. Because of this, home visitors will work with all families in the communities with new babies. In this way, the home visitors, hopefully, will be positioned to offer supports to parents that, hopefully, will prevent family dysfunction, helping them navigate their way through crises and, where necessary, advocating on their behalf.

The home visitor's approach seeks to support new parents and children from every possible angle. Thus, what we hope is that the program will provide a platform on which communities can build other initiatives as well, all seeking to help a child fulfil his or her dreams, a platform that puts children at the centre, that gives community services the chance to work together, a platform that can be scaled up in Indigenous communities right across the land, meeting family needs wherever they are, because giving Indigenous children a good start in life should be a given in Canada.

So far, what I tried to do in these remarks was respond to the Empire Club's request to tell you a bit of what we are doing. History has shown that the First Nations, the Métis Nation and the Inuit know better than anyone what their children's needs are. As Canadians, our responsibility, as I mentioned, is essentially to ensure that they have the tools to do the job. This is what motivates MFI, and it motivates our allies. However, none of this will bear fruit unless the partnership between Indigenous and non-Indigenous peoples is alive and well. That is why I was so glad to accept your invitation to come here. The fact is that there are so many of you here on this issue. I am not sure that would have happened five years ago. I think it is wonderful that we are here and that you are being so patient in listening to me.

None of this is going to work a) unless the partnership between Indigenous and non-Indigenous Canadians is alive and well and b) unless governments at all levels play a strong and positive role. In that context, the one of governments, I would ask you to bear with me as I make a few final comments. Having been at government, this is where the two ministers are going to say, "Oh, my God, what is he going to say?" Let me just simply say I would like to touch on the decision by the federal government three months ago to divide the INAC (Indigenous and Northern Affairs Canada), or the Department of Indigenous Affairs, into two separate ministries which, in my opinion, makes enormous sense because, quite simply, although we have finally recognized the unfairness of our treatment of Indigenous peoples, we continue to expect them to overcome the issues they face without the necessary resources to succeed. What is now required is a new understanding in which Indigenous peoples regain control over their future and understanding based on cultural respect and proper funding. That is why the creation of the two new ministries is so important, and that is why at the helm of each is a very, very strong minister, Dr. Carolyn Bennett, Minister of Indigenous Relations, and Dr. Jane Philpott, who assumes the responsibility of Minister of Indigenous Services. I am sure you know both of them, being that they are both Toronto ministers.

As the elder in the story that I accounted to you earlier said, Indigenous communities do have the knowledge required to determine what the best thing is for their children, but that has to be issued in governance. It has to be reflected first of all, in the transition out of the Indian Act, which is probably the worst piece of legislation that was every written any time anywhere and that has lasted since 1876, my God. It also has to be a reflection, I say, in the transition out of the Indian Act into a relationship that fully incorporates the inherent right of self-government, of self-determination, one that will enable Indigenous communities and families to regain control over their children's future, and this is one of Minister Bennett's prime responsibilities.

In Minister Philpott's case, while the residential schools have been justifiably blamed for the terrible things they did, I will tell you, there is something else that all of us in this room should understand, and that is while the residential schools are taking all the blame, over the last 60 years, as we began to phase out the residential schools, the underfunding of on-reserve education, on-reserve healthcare, on-reserve child welfare, clean water and housing, has led to massive damage in Indigenous communities across the country. Our generation cannot walk away from that. It is enough. You can blame the residential schools, but take a look at what we have not done and what we should have done. How in heaven's name do we justify that child A was going to get all that money and child B was not going to get anything? This is what we sought to address in the Kelowna Accord, and this is the greatest challenge Minister Philpott has inherited.

What staggers the mind is that there are still those who, today, would argue that we cannot afford to provide Indigenous children with the same health and education that other children have. That that is morally repugnant beyond belief goes without saying, but it is also economic nonsense. I speak this is as somebody who has spent some time there. The fact is that the cost of teaching Indigenous children to read and write, to add and subtract, to speak their own languages, to learn their own culture, to grow up confident in their own identity is nothing compared to the social and economic cost of illiteracy, of pandemic suicide, of drug abuse and incarceration.

In a report commissioned by the Margaret and Wallace McCain Family Foundation, the Conference Board of Canada recently estimated that every dollar spent on early learning pays for itself six times over. That number should not surprise you. As Barbara mentioned, I spent a bit of time in the Department of Finance, not exactly a locale of compassion and generosity, but the fact of the matter is there is not an official in the Department of Finance who would not essentially tell you that there are few returns on investment in government as high as those which come from education. Clearly, there can be no better investment than in any child's education, health and well-being, whether they be Indigenous or not—except that when it comes to Indigenous children, the payback from eliminating the existing gaps becomes even greater.

For the first time in history, there are more people in our country over the age of 65 than there are under the age of 15. The fastest growing segment of that young population is Indigenous. In a recent report co-authored by Don Drummond—Don Drummond was an official, Terry, with you and I in the Department of Finance—and published by the Centre for the Study of Living Standards, it is predicted that Indigenous people who represent, as I said earlier, just 4% of our population, could contribute as much as 20% of the growth in Canada's workforce provided that the education gap, which currently exists between Indigenous and non-Indigenous people is bridged. If that is not enough, just ask yourself what the consequences will be if our country, with an aging population of only 34 million people in a world of huge technological change, under-educates the fastest-growing segment of our population.

What all this means, in my opinion, is that Minister Philpott may be the minister responsible for social services, but she is also an economic minister of the highest order. It is her department that will provide this country with the highest payback of anything on which government can spend money.

In summary, if Canada is to be successful, then young Indigenous people must have the opportunity to take their rightful place in an economic life of a nation, a nation that should not only welcome their participation but, in fact, needs their contribution as tomorrow's workers, as tomorrow's scientists, teachers, academics, business leaders, entrepreneurs, and if you forgive me saying so, maybe even the odd politician. Equally important, Indigenous youth must see a picture, must see a future that is grounded in the rich traditions and the deeply held values of their people. Here, the work of Minister Philpott and Minister Bennett really complement each other.

As a country, we have a future to deliver, promises inscribed on the parchment of treaties and in the words of the Constitution, but also etched in the hearts of so many Indigenous youth who ask not only to succeed, but they ask to be understood. As we ask them to understand our culture, they ask us to understand theirs. When you begin to do it, you understand that it is an incredibly rich culture. There is an enormous amount to learn. We should do it.

Surely to God, we will not make the same mistake that the early settlers made, which was to dismiss Indigenous thought out of hand. For the fact is that if we understand and we respect the richness of the Indigenous world view, then we will provide one of the tools that is so crucial to young, Indigenous people if they are going to live in both cultures.

In short, ladies and gentlemen, the time has come for us, as Canadians, to start listening and working together. Thank you very much.

Q: Mr. Martin, you mentioned business being an important part of this equation. What are your thoughts on Canadian business and their role in Indigenous education?

PM: JP Gladu is the head of the Canadian Council for Native Business and has spent most of his life on this issue. An interesting thing for many of you who would have known Murray Koffler, who was the founder of Shopper's Drug Mart, is that he was really the founder of the Canadian Council. There is no doubt that Canadian business can play the key role in many ways: Obviously, in understanding Canadian business, which is in the extractive industries—understanding, in fact, what is going on there and making sure that the consultation is full.

There is an enormous amount more that is happening where I think that business has got to play a role. Simply, I will give you two. One of the ways that you are working on very much is the question of internships. I think that internships are absolutely crucial. We know it in the light of ordinary Canadians. We know the importance of internships. It seems to me that internships in the case of First Nations, Métis Nation and Inuit is all the more important.

The second thing that I would say to you is that more and more we are now seeing— and I think properly so— that business and the education community are beginning to understand that they are going to start teaching coding in grade one, that we are going to start teaching STEM in primary school and that there is going to be, I think, a fundamental revolution in a great deal of what happens in terms of primary and secondary school education.

My biggest fear is that, in fact, that will take care in the pubic schools here, in Toronto, and it will not take care in the on-reserve schools up in Northern Ontario, as an example. I think that what business has got to say is to understand that, fundamentally, that goes back to the youngest and the fastest-growing segment of your population. If what you do is to simply say that STEM and higher math and all of these kinds of things that are going to be taught in these other areas are going to be important for my business, but I am going to draw from a smaller segment of the young population, it is not going to work.

I think it is in Canada's interest. I think it is in business interest, but I also think that it is the right thing to do.

Q: Mr. Martin, I will probably be throwing the cat amongst the canaries, and I apologize in advance. As someone of settler heritage who is committed to reconciliation, in my small way, I was struck by two of your phrases. One was not to dismiss Indigenous thought, and the other was we need to give the tools. As we are getting into more 3P-types of things and we are needing to hear voices, I am thinking also of my generation as we help train children. My generation needs to

hear what is going on, and we need to know why and the history. Yet, the hardest place or events of any kind, be they award events, be they speeches, be they fundraisers, to find sponsorship is when it involves Indigenous people representing themselves and coming forward with ideas. I do it all the time. That is the one area where I have difficulty. What do we do to encourage the sponsorship of events in which Indigenous people can represent themselves?

PM: Are you talking about sponsorship?

Q: One was an award event, actually, two award events—one for Roberta Jamieson and Marie Wilson, and the other was for Stan McKay and Cindy Blackstock. They were speeches here, at the Empire Club, various events. It is finding sponsorship when Indigenous people represent themselves that I am always having difficulty with.

PM: I understand what you are saying and the difficulty. Again, I do not want to keep referring to JP, but the fact of the matter is, the business community can be represented and is represented. There are a number of outstanding Indigenous business people in the country, Darcy Bear, Clarence Louie. I can give you the names. To be honest, it is not going to be easy for you to get them to come and speak. A lot of businessmen are hard to come and get to speak. I suspect that Gordon, you have had trouble, or Barbara, you have had trouble to get.

BJ: We waited a long time for you.

PM: There you go. It was because of my father. I will tell you something that is interesting. When we decided that we were going to do this most recent from the early childhood, there are, in the faculties of the higher education across the country in the public policy schools, you would be amazed at the number of Indigenous people who are there. In terms of education, in terms of healthcare, Michael Dan, who is here, could speak to this, because he is at the university. I think what you have just got to do is blackmail them. I am actually surprised that you have trouble getting the businesses. I think that a lot of us would be prepared to help you with that, because that just does not make any sense to me. If there is anybody who should be prepared to sponsor those kinds of events, it should be the business community. They are the ones that will gain from it. I think the fact that you raise that here, I think, will cause a lot of twinges.

Q: Bonjour. [Remarks in Indigenous language.] My name is Leslee White-Eye. I am the former Chief of Chippewas of the Thames First Nation and an educator by career. I appreciate the work you are doing, Mr. Martin. It is incredible in terms of your advocacy and your championing the work that has to be done in our communities. The challenge, I think, is where does the message start to change, and is it no longer the past in current terms of a settler approach that was racist? When do we call upon what is happening now? Is this ignorance? Is this complacency? This

is a question for the larger group here: What is it that is going to compel you to work and figure out the complex issues together? I certainly do not want to sit and listen over and over again about the ills of my community. If that is what compels you to move, I do not want to be a part of that. What is going to compel you to move?

PM: I think your question is dead on, which is why I made the reference to Jane Philpott, not as a social affairs minister, but as an economic minister. The fact of the matter is, if we know what is good for us, we are going to invest in First Nations education. We know what is good for us. We are going to invest in First Nations communities because this is where the young people are going to come from. If we are going to succeed, we are going to make sure that those schools up in Northern Ontario are learning coding at the same time that they are learning coding in the schools down here.

I think the moral argument is overwhelming. And I believe—and I think everybody believes—for exactly the reason that you have given, that the argument has got to switch to the economic argument because that is the one that is impossible to ignore. It is impossible. That is what you are hearing in the odd place, when somebody comes along and sort of says we cannot afford it; it is too much money. But think about it: At the time that the public schools were created 100 years ago, what if somebody had come along and said we cannot afford to educate all of these people, where the heck would our economy be today? That is the argument that has got to be made today.

Q: That is the argument that is being made here? I hear it every time when we come to the table with government or private enterprise or social groups: "Well, that is the issue of the federal government," or, "No, that is a provincial issue." There is this long-standing narrative within Canada that has parked Indigenous issues outside of the Canadian household. That has got to stop. We can hear it, this whole jurisdiction thing. We end up at the Human Rights Tribunal.

We end up fighting the federal government, and everybody can look the other way, because, "Oh, good, somebody else is taking care of it." Where does that argument start to change, and what is going to compel us to work together and tell a different message? I do not have an answer. I am trying desperately to figure out a way. I guess I am compelling whoever is here, present right now, that we do need to figure out a different narrative. It is not about who has got responsibility—"Oh, it is them," and them trying to figure out if it is theirs or not. It is circular.

PM: First of all, I do not think it is happenstance that you have got two provincial ministers here. They are both economic ministers. I think the argument, to be quite honest, has begun to shift. I think you are absolutely right.

At some point, we have got to stop looking at what happened 50, 60 years ago or 150 years ago—except that I do believe that it is absolutely crucial that we get rid of the Indian Act and we have something to replace it. I think that is one area where we are going to have to look to history.

I think that you are right in terms of talking about the future of the nation. The other thing that I did not get into very much here but that I think we should be talking about is First Nations, Inuit and Métis culture. One of the things that scares me just a little bit is that what is going to happen is we are going to continue to ask the First Peoples to understand our culture, but their culture is ancient, and their culture is evolving, and their culture is very, very rich. I am a little worried if we do not understand that their culture is important. We have got to work together, and that has got to be understood.

We cannot ignore that culture because it is incredibly rich. I believe that you are right in terms of where you take it, but I also think the whole question of culture has got to play a role here.

Note of Appreciation, by Jeff Lyash, President & Chief Executive Officer, Ontario Power Generation

Prime Minister Martin, thank you for those compelling emarks. As I sat and listened, what stood out for me were eally two words, and those words were 'opportunity' and partnership'. On the first, I am reminded that Thomas Edison said, “Opportunity is most often overlooked, because it comes dressed in overalls and looks like hard work.” On the second, ‘partnership’, it is clear that the channel to realize these opportunities is through partnership.

I would share with the assembled group that I, personally, and OPG, have experienced the benefit of those partnerships. We have had the good fortune on a string of generation development projects to partner with First Nations in whose traditional territories those facilities exist. It allowed us to place contracts with First Nations businesses and helped them grow. It provided job skills training, apprenticeships and internships to those community members, and, perhaps, most importantly, we have these First Nations as long-term equity partners in those facilities.

They are co-owners with us, and they benefit from a revenue stream that will go decades into the future. I share that because I think those were opportunities that took very hard work to realize, but we realized them through partnership, and they are benefitting those communities, the company, and all of you, Ontarians, as shareholders. Your remarks were inspirational, and they laid a challenge in front of us that I think is well worth taking up. For that, thank you, and a job well done.

Concluding Remarks, by Barbara Jesson

A sincere thank you to our generous sponsors, Ontario Power Generation and Nova Chemicals, for making this event possible. As MJ alluded to so eloquently, sponsorship really is at the core of what we do here at the Empire Club. We think we bring important issues before Canadians, but we do need your support to do it. We are profoundly grateful. Thank you so much.

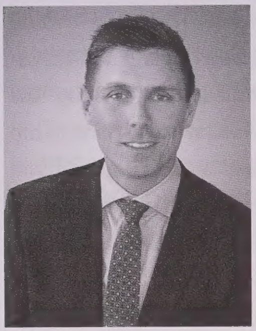
We would like to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world.

We have tried to stay current at the Empire Club. Although we have been around since 1903, you can follow us on Twitter at @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram.

Finally, please, join us at our next event on December 11th with Patrick Brown, the Leader of the Ontario PC Party at the Arcadian Court. Thank you so much for being with us today.

This meeting is now adjourned.

The Empire Club Presents



PATRICK BROWN, LEADER OF THE ONTARIO PROGRESSIVE CONSERVATIVE PARTY

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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December 11, 2017

Good afternoon, ladies and gentlemen. From the Arcadia Court in downtown Toronto, welcome, to the Empire Club c Canada. For those of you just joining us through either ou webcast or our podcast, welcome, to the meeting.

Before our distinguished speaker is introduced today, gives me great pleasure to introduce our Head Table Guests. would ask each Guest to rise and be recognized and be seate and I would ask the audience to refrain from applause unt everyone has been introduced. I suppose good luck with that

HEAD TABLE

Distinguished Guest Speaker:

The Honourable Patrick Brown, Leader of the Ontario Progressive Conservative Party

Guests:

Ms. Adrienne Batra, Editor-in-Chief, Toronto Sun

Mr. Peter Bethlenfalvy, Chief Investment Officer, CST Consultants Inc.

Ms. Georgina Blanas, Executive Director, Private Capital Markets Association of Canada; Director, Empire Club of Canada

Mr. Noble Chummar, Partner, Cassels Brock & Blackwell LLP; Past President, Empire Club of Canada

Mr. James Dodds, Vice President, TD Bank Group

Mr. Kent Emerson, Associate Vice President, Municipal and Stakeholder Relations, Municipal Property Assessment Corporation (MPAC); First Vice President, Empire Club of Canada

Ms. Jane McKenna, Ontario Progressive Conservative Party Candidate for Burlington

Ms. MJ Perry, PhD Candidate, Theology (University of Toronto); Vice President and Owner, Mr. Discount; Director, Empire Club of Canada

Ms. Lisa Thompson, MPP Huron–Bruce; Critic for Indigenous Relations and Reconciliation; Critic for International Trade; Member, Standing Committee on General Government

Ms. Sue VanderBent, Chief Executive Officer, Home Care Ontario; Director, Empire Club of Canada

My name is Barbara Jesson. I am the President of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

At the Empire Club of Canada, we are particularly proud of our involvement in the Canadian political process. For well over a century, we have provided a forum for political debate across the spectrum of views and party affiliations.

In fact, from time to time, I am asked what the Empire Club is all about.

When the Club was established in 1903, the country was embroiled in debate about whether Canada should affiliate itself with the United States. Our founders believed fervently that we should maintain our connections to the British Empire and remain independent from our American neighbours. What a debt of gratitude we owe them today. This heritage of civic engagement is a deep part of our tradition at the Empire Club. It is with particular pride that we are hosting this Leader Series as we enter the next provincial election debate.

Please, welcome to the stage Peter Bethlenfalvy, MPP candidate for the riding of Pickering–Uxbridge to introduce Patrick Brown.

Introduction, Peter Bethlenfalvy, Chief Investment Officer, CST Consultants Inc.

Thank you. Good afternoon, everyone. What a great turnout. I think I know why. As was just mentioned, my name is Peter Bethlenfalvy, and I am honoured to be running as the nominated PC candidate for Pickering–Uxbridge. I am excited to have an opportunity to give back to my community and our province.

Life in Canada has been really good for my family. My parents fled war-torn Hungary in the 1940s. They came here with no money, just themselves and their determination to work hard and build a new life here. With their work ethic to guide me, I have raised, along with my wife, three great children, and I have had a successful financial career.

My decision to run was easy because I believe strongly in the leadership of Patrick Brown as the man who can turn this province around. Sadly, under the Liberal government, Ontario continues to fall behind. People are working harder and getting less. Life, for many in Ontario, is becoming unaffordable. This simply cannot continue. We must turn it around. That is why people are demanding change.

Just a few days ago, the people of Ontario got a glimpse of what change looks like. It is called the People's Guarantee. This is Patrick Brown's plan for a government that will work for you. The People's Guarantee aspires to make Ontario a better place for everyone. In just a few moments, along with Editor-in-Chief of the Toronto Sun, Adrienne Batra, you are going to hear from Patrick Brown and his specific measures to deliver real change.

This pragmatic plan will work because it is the result of Patrick Brown's extensive consultations with people across Ontario. Unlike a lot of politicians, Patrick listens. He reaches out to people, a lot of people. In fact, no one works harder than Patrick Brown. He is building an inclusive party where it does not matter who you love, where you worship, where you work and what your background is. He has a vision that will work for families across our great province.

It is a great pleasure, ladies and gentlemen, that I welcome the Leader of the Progressive Conservative Party and the next Premier of Ontario, Patrick Brown.

The Honourable Patrick Brown

Thank you, Peter, for that kind introduction. It is great to be here, today. I should note, I will be joined shortly by Editor-in-Chief of the Toronto Sun, Adrienne Batra. I should mention Peter has quite a history before he became a Progressive Conservative candidate. He co-ran DBRS, the credit rating agency that actually downgraded Ontario's credit in 2009. He foresaw the financial challenges Ontario was going to face under the Liberal government. Now, he is actually getting so engaged to get Ontario back on track that he is door-knocking and is committed to public service. Peter, great to have you with us here, today.

A lot has changed since I was last here at the Empire Club. We launched our policy platform, our plan to get Ontario back on track: The People's Guarantee. It was after extensive consultation. It was not a few people meeting at Queen's Park, in the bubble of Queen's Park, putting together a platform. We went to every corner of the province, and we listened.

I had a supporter once tell me, "God gave you two ears and one mouth. Listen more than you talk." That is what we did. We literally went to every corner of the province and listened to the best ideas. We took those ideas to our party membership and they, collectively, had a say. It was their voice that became the bedrock of our platform. That is what I am excited to talk about today and any other questions Adrienne throws at me.

The five cornerstones of our People's Guarantee are, first of all, a 22.5% tax cut for the middle class because, after all, you deserve a raise. The people of Ontario deserve a raise. There is an affordability crisis. Middle-class wages have stagnated for 15 years. If you live in Ontario, you are now poorer than the average Canadian when it comes to median income. That has never been the case before.

Our second commitment is a 75% refund on childcare expenses, up to 75%. Right here in the city of Toronto, the cost of childcare is, on average, $20,000. Not only are we going to build 100,000 new childcare spaces, but we are going to help families actually afford it. If you can find a childcare space and not afford it, it is meaningless. I have heard too many stories travelling around the province where childcare is such a sacrifice on families being able to afford. We want to make it easier for families to be able to afford childcare.

Our third commitment is on hydro, surprise, surprise. There is not a corner of the province we went to that did not talk about hydro. I think it is well known we have among the highest hydro rates in North America, and they have tripled on the watch of this Liberal government. Part of our plan to reign in this hydro mess is a commitment to reduce hydro rates, on average, by 12% for every family and small business in the province of Ontario and to give them some much-needed lasting relief, not temporary relief like they are getting right now where the government borrows. Our plan is lasting savings that go beyond an election cycle.

Our fourth commitment, and probably the one that I am most excited about, is closing the gap in healthcare.

The dirty little secret in Ontario's healthcare system is that we do a very poor job when it comes to offering treatment for mental health and to honouring the courage of those who come forward by making sure they can get that help. In our policy platform, we are making the largest investment in mental health in Canadian provincial history: $1.9 billion over ten years.

The reason I was so excited about this part of our platform is I know we all love our healthcare system. I spoke at our party convention on what it meant to me, and my own late grandmother, maternal grandmother, was a volunteer at RVH (Royal Victoria Regional Health Hospital), our local hospital, for 45 years. She was a Blue Coat. I have, at my desk at Queen's Park, her volunteer certificate as a reminder of what healthcare means to every community. You can have everything in life, but if you do not have reliable healthcare, there is a big challenge. When I looked at our healthcare system, when I went around the province, the stories I heard on mental health were just horrifying.

If you are a young person needing public counselling, if you have the courage to come forward and say "I need help," it is 18 months, the wait time, for public counseling. I met with families who have told me that during the wait period, they have had loved ones take their own lives. You break your leg; you got to the hospital; they take care of you; but you are abandoned in this province when it comes to having the courage to confront a disorder of the brain. That is not right. That is not the healthcare system that this province deserves, and that is not the healthcare system that I am going to accept.

Former Premier Bill Davis, when he was premier of Ontario, 11% of our health budget was spent on mental health. Despite all the talk, all the rhetoric, every year during Bell Let's Talk Day, you see every member of the Liberal cabinet tweeting, "Have the courage to come forward." Despite all the rhetoric, we now spend 6% of our healthcare budget on mental health. It is a giant gap. It is the dirty little secret in healthcare, and our platform is going to address that with $1.9 billion over ten years to make sure that we can have a comprehensive mental health system in the province of Ontario.

Our fifth commitment is to bring forward the first-ever Trust, Integrity and Accountability Act. We definitely need those guidelines at Queen's Park. There are so many loopholes, fundraising loopholes, lobbying loopholes, such that current government has allowed a truck to be driven through on a regular basis. We are going to close those loopholes. We think it is important to have those strict standards in our provincial legislature. There are so many examples.

You have heard the stories of cash for access, but they have still left those doors open. A minister can still call someone doing business with the Government of Ontario asking them for a donation. I want ministers running their departments, not focused on fundraising. Ministers all had fundraising targets—that is a distraction from their responsibility to the public, responsibility to the people of Ontario. On lobbying, some of the stories are beyond salacious. They are good for Toronto

Sun front pages—I am sure Adrienne would agree—but they are not good for the people of Ontario.

There is the example of Tesla, where the Chief of Staff to the Minister of the Environment is working on a policy change where those buying luxury cars get a $14,000 grant. If you are buying a $100,000 Tesla, you probably do not need a $14,000 grant. That Chief of Staff then goes, shortly thereafter, and works for Tesla. It is a revolving door. I want to make sure there is an adequate cooling off period, so those ethical abuses cannot continue. That is why I put our Trust, Integrity and Accountability Act in our five cornerstone guarantees.

The reason I say 'five guarantees' is I know so many people, when they hear about promises from politicians, get skeptical. Everyone remembers Dalton McGuinty saying that he was going to not raise taxes. What happens? He raises taxes. Everyone remembers Kathleen Wynne saying she was going to slash auto insurance rates, and it does not happen. I get the public is skeptical. That is why we wanted to go beyond mere words. I signed a commitment in front of our party faithful at our party convention, in front of the Queen's Park media. I signed a declaration, a contract with the people of Ontario, saying that if we do not get this done for you in our first mandate, then I am not seeking a second. I am going to resign. We are all in to get this done for the people of Ontario because we have to get our province back on track.

After the policy convention, we took a bus around the province of Ontario, from Sudbury to Burlington, from Windsor to Ottawa, to talk about our plan to create prosperity again in the province of Ontario. I have to say, it is heartening to see the response across the province. People are thirsty for change. We are seeing that at events across the province. The candidates that are coming forward—we have had some fantastic, fabulous candidates putting their names forward for public service. Everyone heard in the summer about Caroline Mulroney, who I think is just going to make a phenomenal public servant here, in Ontario.

You have already met Peter. We have got Rod Phillips here, today, as well.

Rod is going to be a star for the province of Ontario. And just recently announcing that he is going to run for a nomination in Don Valley is Toronto's Deputy Mayor, Denzil Minnan Wong, who is also here, today.

I think when you see those types of candidates of that caliber, it speaks to the momentum for change and how people expect and want a better government, a government that is about the people, not the insiders.

It has been interesting to watch the Liberal government's attack of our policy platform. We expected they would attack the policy platform. It is what they do as they hope to cling to office. Their principal attack was Patrick Brown wants to run these value-for-money audits to root out government waste. Kathleen Wynne said there is no waste in government.

I have heard many things come from the Liberal government. I found that to be a bit more than a stretch.

We know that there has been scandal after scandal: There was $8 billion in e-health and nothing to show for it and almost $2 billion now in gas plants, gone. You look at Ontera, the northern telecommunications system. They paid consultants to sell that government asset and paid the consultants more than they actually sold the asset for. There is the 403. They re-pave the 403 every two years instead of every 15 years. There is waste. I think last week, the Auditor General confirmed it again. The Auditor General reported in a review of just 14 program areas amongst hundreds—she reviewed just 14—that she found over $1 billion in waste. Yet, Kathleen Wynne still says there is no waste.

A few examples of the waste that the Auditor General identified: Power executive expensing items like raccoon traps and scuba gear. Need I say more that there are opportunities to spend your taxpayer dollars more appropriately?

I know Ontario has the capacity to be the economic engine of Canada, but you need a government that is focused on you, not insiders, not people that benefit from government. You need a government that is focused on making Ontario that prosperous province, that job-creating engine we know we can be. That is what we are focused on. That is what I want to work on day in and day out, 7:00 a.m. to midnight, to make sure that when people think of Ontario, it is the province in which you want to build a business; it is the province in which you want to raise a family. I am incredibly excited about that task for our province, and I looking forward to the questions I am going to have with Adrienne on our fireside chat, without a fire. On that note, welcome, Adrienne Batra.

The Honourable Patrick Brown with Editor-in-Chief of the Toronto Sun, Adrienne Batra

AB: Thank you, Patrick, and thank you for your comments. Good afternoon, ladies and gentlemen. Thank you for staying with us and being patient. We know we are a little bit over time here, so we are going to have a very candid and, I hope, forthcoming chat. I do have some tough questions, even though this is a friendly crowd for you. Are all the buns off the table, is what I want to know, before someone starts hurling things at me?

Six months to the election and this is what you put out. Everybody has seen it, very fancy. It looks like a magazine. Why six months before the campaign?

PB: First of all, we wanted to do our due diligence. We wanted to get out there and do our homework and go to every corner of the province and listen to the best ideas from stakeholders, community leaders, party members, to form the basis of our plan. We did take our time, despite taunts at Queen's Park saying, "Where is your platform? Where is your platform?" We wanted to do it properly. We wanted to take the time under the auspices—there is no monopoly on a good idea. Now that we have six months, we have got six months to take it to every corner of the province. That same plan that we developed, I want to get to every single riding in the province of Ontario, and tell them about our plan, to make sure that Ontario is back on track. This is one giant province, and it is going to take that amount of time to get to every corner.

AB: I want to talk about something that is actually just coming out and trickling out today. The Financial Accountability Officer of Ontario has now confirmed the Auditor General's concern about the Liberals actually using the pension funds to balance the books, ostensibly saying we have $4 billion less than the Liberals have said. That would change the numbers that you have used in your platform. I am wondering how it is that you plan on balancing the books without really actually seeing them?

PB: The Auditor General did say for policy platforms, you ought to compare apples to apples, oranges to oranges. We did use the government's numbers. I do hope that we can work with the Auditor to have agreement on reporting standards. What I would say is we have been very conservative in our financial estimates. Let me give you a few examples. We have actually booked a deficit in year one. Normally, when a government gets elected, they say, "Oh, my goodness, I cannot believe it was this bad!" I am predicting it is bad.

I know it is not great. We have actually kept $1.5 billion in our financial forecast for ongoing Liberal agreements that we are going to have to wear some of their mismanagement into our term in office. We have actually predicted that, but in years two, three and four, we are going to pay down over $1 billion in debt, and that is desperately needed.

I would note, Kathleen Wynne has not paid down a single cent in debt. Unfortunately, it has made us the most indebted of a national government in the world. We are going to clean that mess up. I would note, not only have we taken conservative estimates on the costing, but we have not even booked any of the revenue that we know will come from some of the changes. We know that cutting small business taxes, cutting red tape, is going to create jobs. That will create revenue. We are not even banking on that.

We know selling air rights on subways will create revenues for transit, and we are not banking on any of that. We have taken very conservative estimates, and it is one of the reasons I think you hear names like Kevin Page and Kevin Milligan, who have actually said the numbers are reasonable; they add up, and it is fully costed.

AB: I want to ask you about something that you talk very passionately about, and you discuss pretty much in every corner of the province, and you just mentioned it in your speech, and that has to do with the unaffordability of hydro. We are now hearing from seniors all across this province who are deciding whether or not they are going to pay their hydro bill or buy groceries. The Liberals have really messed up the entire system.

A few months ago, they came up with another scheme where they were going to borrow $25 billion and put that burden on future generations with the so-called "Fair Hydro Plan." At the time, you said that that was the wrong thing to do, and your party and many of your Members of Parliament—you voted against it.

PB: We voted against it.

AB: However, you have now not only said you were going to do the 25%, but you are going to do an additional 12%. What is the difference between what they did and what you are doing because now you are tripling down on it?

PB: In their unfair hydro plan, they borrow money, and they borrow a lot of money. It could be as much as $93 billion to get $21 billion back, temporarily. It is about borrowing a lot of money into the future, so they can all of a sudden offer relief right before an election. Borrowing is not structural change. Borrowing is temporary. It is a ploy. It is a ploy by desperate government. Our plan is not about borrowing; it is about changes.

Let me give you an example. By the way, the damage of that will be done by the time the election comes. It will be too costly to unravel, and they will have given out much of that relief.

AB: It is almost like they planned that.

PB: Surprise, surprise. It seems to be the tactic the Liberals use every election. What we are doing is different: Structural changes. We are returning the Hydro One dividend, which is the people's money, after all, to the people of Ontario. We are shifting the conservation funding off the hydro bill because it is social policy. More significantly, we are going to look at these bad contracts and force them to the letter of the law. We are also going to stop ones that are at the preconstruction stage because, despite borrowing all this money to pay for their bad contracts, they keep on signing them. They just proceeded, this fall, with FIT 5, which means 390 more contracts for energy we do not need. Just to put this into context, since 2009, we have given away $6 billion in surplus electricity. We wasted enough waterpower last year; we could have powered 500,000 homes.

The Liberals like to say you are paying more for electricity because of their green energy policy. It has nothing to do with green energy. If it were about green energy, we would not be wasting our own waterpower. They signed expensive, bad contracts that benefited Liberal insiders and donors, not the people of Ontario.

Just to put this in complete context, the Auditor General said we overpaid by $9.2 billion on what the market was paying for green energy. The 30 companies that got many of these big contracts, the 30 big companies donated $1.3 million to the Ontario Liberal Party. These are bad deals. This is a mess that Kathleen Wynne made, and we are going to do everything we can to clean it up.

AB: Popular answer with the crowd. Margaret Thatcher once famously said, "Good conservatives always pay their bills, unlike socialists, who just run up other people's bills." You are planning on running a deficit, as you say in your first year in office, and then subsequently balancing the budgets. We once heard that from a now very famous Liberal prime minister, Justin Trudeau, who also ran on the fact that they were only going to run a deficit for the first year. We are now three years into that mandate and billions of dollars more in debt, in deficit. I appreciate the fact that you have signed this guarantee, and you have said to Ontarians that if you cannot fulfil certain things, you will not run for another term. How is it that you can say that with such confidence, knowing the financial shift is happening all the time with this government? We do not genuinely know where all the money is.

PB: Well, I think we have erred on the side of caution by booking $1.5 from the Liberal slush fund to make sure there are not obligations that we are going to have to inherit from their mismanagement, and by not booking revenue that we know, conservatively, will be generated from the changes we are bringing to grow the economy. I think it is prudent to say that we are going to accept that we will carry on the mismanagement in year one because it will take time to exit some of these programs. But for year two, three and four, we are actually going to be paying down the debt. I agree it should be a conservative principle to pay your bills. With a Progressive Conservative government, Ontario will start doing that.

I do not want someone in our caucus, like Peter Bethlenfalvy, to downgrade us. We will make sure we pay our bills.

AB: We have got someone we can trust making sure that everything happens. Let us talk a little bit about the middle-income tax cut. Why just target the one rate and not just bring them all down by dealing with the personal basic exemption?

PB: Everyone is going to have tax relief under our plan. For families with an income of $100,000 and less there will be, on average, a 25% reduction; between $100,000 and $200,000, it is going to be 20%; and over $200,000, 7%. We are helping the middle class in a pretty significant fashion. This is broad-based tax relief that helps everyone and not just families; we are going to cut small business taxes by 28.5%. This is real tax relief for a province where families are struggling with an affordability crisis and businesses are feeling pummeled.

AB: You have mentioned a number of your candidates, some of which whom are here, and more to come, we can assume. One of the things that people will look at in their next premier of Ontario is what sort of men and women they are surrounding themselves by. Give us a little sneak peek of what we can expect over the course of the next couple of months.

PB: There is actually a beautiful story happening within the Progressive Conservative Party. Three years ago, we had 12,000 party members and a lot of ridings. Nominations would go acclaimed. We have gone from 12,000 party members to 180,000 as of today. We are disproportionately young, disproportionately diverse, and we actually now have more women candidates than at any point in our party's history.

PB: There really are some phenomenal candidates. I mentioned a few earlier, but I look at Angely Pacis in Mississauga Centre. She speaks five languages—a lawyer of Filipino heritage. We have never had a Filipino-Canadian MPP. What a role model she will be for young women in Mississauga. I think of Troy Crowder in Sudbury. Troy played in the NHL for the New Jersey Devils—proud family from Sudbury. His mom actually runs the Santa Claus Parade every year. She is probably his biggest secret weapon there. He is a proud Northerner and is excited about running for the Progressive Conservatives. I look at Greg Rickford, a former Minister of Natural Resources, running in Kenora. We have got some phenomenal candidates. I think that, as we get closer to the election, you are going to learn about more of them.

AB: There is a lot here. It is a very meaty document. One thing, as a fiscal conservative as I am, I always am very leery when the Toronto Star is telling me that I should take a look at this document. We usually run the other way in my newsroom when the Toronto Star is saying something that is a good thing. How do you take the criticism—and there is much of it out there from certain corners of your own party—that this could have been written by a Liberal? It could have been written by Justin Trudeau; it could have been written by Kathleen Wynne. How do you respond to that?

PB: First of all, let me say I enjoyed the praise from the Toronto Sun about our policy platform on the front page. When my mother called me—my mother is here today—to tell me we had a positive editorial in the Toronto Star, at first I thought, "Are pigs flying?" But it is a good document. The fact that it gets praise from both the Toronto Sun and the Toronto Star is a wonderful thing. I am sure there will be a few negative articles in the days ahead from the Toronto Star. You can expect that. We actually listened. We did our homework identifying the serious gaps in mental health or the unaffordability in childcare. How can you criticize that? The fact that middle class families deserve tax relief or that we deserve a Trust, Integrity and Accountability Act at Queen's Park or hydro relief? I think these are pretty basic concepts that deserve wide-spread support. When the Toronto Star is saying or the Toronto Sun—I think it speaks to the fact we did our homework.

AB: Stick with the Sun; it is better.

One of the biggest things that Ontarians also talk about—because we are in the heart of Toronto—is that we are just missing the TFC Parade which, by the way: Yay, TFC!

Yes, we should have worn our scarves. Transit is a significant problem and Metrolinx has been arguably one of the biggest white elephants that the Liberals have created. They have had significant challenges with doing the regional modelling, etc. We had the crosstown going through and who knows when we will see that come to fruition. You have committed to doing something quite significant. The number of municipal politicians—and I see a few of them here who both happen to be Deputy Mayors and one is the Budget Chief over there—uploading the TTC operational costs. That is an idea that the NDP has been talking about for quite some time. What is the rationale behind doing that?

PB: Toronto is a world-class city, but we do not have world-class transit. You go to any other major city, and you see effective transit systems, yet you are in Toronto, and try going on the DVP at 4:00 o'clock. Try to come in on the Gardiner in the morning. It is horrific. We have to invest in transit. It is about not only moving people, but when you have roads that are suffocated by congestion, it is difficult to get product to marketplace. We have that real challenge in the City of Toronto. Our commitments are pretty significant. We can amortize the cost over a longer period. We can build subways in a fashion that Toronto would not be able to without this partnership. We are making a pretty significant commitment on infrastructure, not just in the city of Toronto, but across the province. You look at the Ring of Fire: We have made a commitment to actually get that done to untap that $60 billion potential in Northern Ontario. I think part of our ability to get Ontario's economy back on track is to invest in infrastructure.

AB: Let us talk a little bit about politics and the politics of moving into what will be one of the most contentious and change elections coming up in June of 2018.

Your opponents, Kathleen Wynne and Andrea Horwath—Andrea is really hammering the Liberals on overcrowding of hospitals, and then Kathleen Wynne has taken on an interesting strategy with one of the lowest approval ratings, nearly 15%. She has decided to travel the province and do town halls. If you go into one community after Kathleen Wynne has been there, what do you say to those folks who have asked her very hard questions? Why should they put their ballot down for you rather than them?

PB: I guess one difference would be we are doing town halls that the PC party pays for. The town halls the premier does, in typical Liberal fashion, are paid for by you, the taxpayer. We are not going to campaign on the public dime. We are going to campaign on the small donations of our party members, and we are going to go to every corner of the province. We do not do town halls and meetings once a month. I am out at events almost every night, sometimes four, five, six, seven events, and I am talking about our People's Guarantee. It is fully costed. We have got 80 pages, 147 commitments. I would challenge the NDP and the Liberals to come up with a fully costed plan and put it in writing, just like we have.

AB: A few months ago, you and I were on a similar stage in a similar format, and I asked you one parting question. When you are out there now, unlike all these wonderful people who have paid a lot of money to hear you speak, you are not going to be afforded that opportunity during a campaign. It has to be quick, short, and, because you are cramming a lot of information in a very small pinhole, what do you want people to remember about Patrick Brown? What do you stand for?

PB: I want them to know that we are going to get Ontario back on track, that we are going to clean up the mess that Kathleen Wynne has left, and we are going to make Ontario the job-creating engine that we once were. There is no reason that we have to settle for being a have-not province. Right now, we have been a have-not province for eight years. Newfoundland subsidizes Ontario. Former Premier Mike Harris is here. If you had asked Mike Harris when he became premier if Newfoundland would be subsidizing Ontario, he probably would have laughed at you. We do not need to settle to be a have-not province. Ontario can be that job-creating, prosperous province that we have been, and we will be in the future.

AB: It seems like a perfect opportunity to wrap it up. Good luck.

I think there are a lot of people in this room who wish you all the success in the next campaign. Thank you.

PB: Thank you.

BJ: Thank you, Adrienne, and Mr. Brown. Here to thank Mr. Brown properly is Ms. Jane McKenna. Welcome, to the podium.

Note of Appreciation, by Jane McKenna, Ontario PC Candidate for Burlington

I would like to thank Bruce Power for letting me have this opportunity to do the closing remarks, and, thank you, everyone, for joining us today. I would also like to recognize the Empire Club's ongoing contribution to public discourse on the vital issues of the day and for organizing this very important Leader Series of speaking engagements.

First of all, I would like to ask of any candidates of MPPs here, would you, please, stand up, so we can acknowledge you. I would like to thank you every day for your hard work and for your service for all of the people of Ontario. Thank you so much for being a part of that today.

People always ask me all the time my connection with Patrick. Shortly after I lost the election, I had the privilege of starting to work with Patrick on a day-to-day basis with Walied Soliman, and James Dodds is here today, and there was a handful of us. People say to me all the time, "What is it about him, about leadership that you actually see that he is a leader?" I will tell you a couple of things. The very first time Patrick and I went out, it was probably a week in to him running as a leader. We went up to Timmins, and there were five people that came out to the meeting.

Patrick got five memberships signed up. I got out. Patrick said to me, "Jane, keep your eye on the ball. It is five more memberships than we had five minutes ago." Then, the next thing was Kathleen comes out to say that you can no longer get corporate dollars. Patrick goes out; he raises $16.1 million; Kathleen raised $6 million and Andrea, I think, was a little under $2 million. Then, the next challenge was we had, I think, 12,000 memberships. We usually run, I think, even when for a nomination we have about 20,000, and this man has brought 182,000 memberships into this party.

I think his goal is 200,000 before the election. Is that correct? Am I saying that? I just want to say something else. You are only as good as the people that are around you when it is all of us pushing from behind to get where we need to go, and we need everybody to do what we need to do to get to this election to win.

Patrick is a leader. He is committed. Every day of my life, being part of that process, I see that. People know how passionate I am about him, about his bringing hope back to the people of Ontario. If nothing else, we deserve to have hope to make this province great again.

I am very grateful for every opportunity that I have with this man and the people that are surrounded around him. His mother is back there, Mrs. Brown, who was unbelievable when we were doing the leadership with his sisters Stephanie and Fiona. You can tell why this young fellow is as passionate and compassionate as he is and why he does what he does—because of the lovely family that he does have surrounding him.

I just want to thank everybody today. Everybody, Happy Holidays and Merry Christmas! Have a great day. Thank you.

Concluding Remarks, by Barbara Jesson

I want to express a sincere thank you to our sponsors, Bruce Power and Home Care Ontario, for making this event possible. We pride ourselves, at the Empire Club, in bringing speakers like this to our podium, but it would not be possible without the generous support of these sponsors. We are very, very grateful.

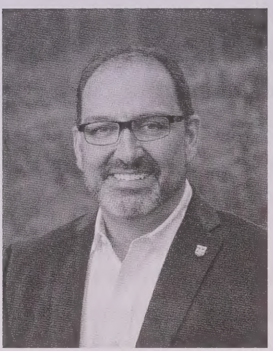
I also want to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world.

Although our club was founded in 1903, as I mentioned earlier, we are active on Twitter at @Empire_Club. You can visit us online also at www.empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram.

Finally, please, join us again at our next event, which will take place on Wednesday, December 14th: The Minister of Energy Glenn Thibeault will be here to offer some rebuttal to the remarks that were made today. We will be at the Hilton Hotel. I urge you to come out and hear what he has to say.

Thank you so much for attending today's event.

This meeting is now adjourned.



THE HONOURABLE
GLENN THIBEAULT,
MINISTER OF ENERGY

WITH: DELIVERING FAIRNESS AND CHOICE

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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December 14, 2017

Good afternoon, ladies and gentlemen. From the Hilton Hotel in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting.

Before our distinguished speaker is introduced today, it gives me great pleasure to introduce our Head Table Guests.

I would ask each Guest to rise for a brief moment and be seated as your name is called. I would ask the audience to refrain from applauding until everyone has been introduced.

HEAD TABLE

Distinguished Guest Speaker

The Honourable Glenn Thibeault, Ontario's Minister of Energy

Guests:

Mr. Chris Benedetti, Principal, Sussex Strategy Group Inc.; Second Vice President, Empire Club of Canada

Ms. Indy J. Butany-DeSouza, Vice President, Regulatory Affairs, Alectra Utilities Corp.

Ms. Cara Clairman, President and Chief Executive Officer, Plug'n Drive

Mr. Darryl Hill, Director, CLEAResult

Mr. Jeff Lyash, President & Chief Executive Officer, Ontario Power Generation

Mr. James Scongack, Vice President, Corporate Affairs and Environment, Bruce Power

Mr. Ryan Shaw, Client Portfolio Group Lead – Canada East, CLEAResult

Mr. Tim Smitheman, Senior Government Affairs Advisor, Enbridge; Director, Empire Club of Canada

My name is Barbara Jesson. I am the President of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table.

Most of you in this room probably know that the first commercial oil well in North America was not in Texas or Calgary, but right here in Ontario, in Lambton County. For the most part, the history of energy, in our province, is the story of power generation. From hydro generation to battery cells, steam combustion and nuclear fission, our methods of generating power have evolved radically in a century keeping pace with the growth of our cities and their demands on power in our province.

We are now in the midst of the next innovation in the energy sector. Solar panels, wind turbines and thermal generation are becoming more and more ubiquitous. Through optimization, hydro is becoming more efficient and far less environmentally invasive. Caps and phase-outs on fossil fuels and coal firing legislated provincially are helping to nudge the industry toward these emergent technologies, and, for the most part, they are doing so with very little kicking and screaming.

In concert with this assortment of power-generating technologies, the fundamental challenge that has been central to energy is that whereas once the all-prevailing concern would have been: Can we generate enough energy? the question has now become Can we generate this energy sustainably, reliably and cleanly? To the credit of our legislators and innovators, we have mostly conquered the problem of volume, despite higher-than-ever demand, and we can now focus on exploring ways to keep the lights on and keeping our ecosystem intact.

Through the release of its "2017 Long-Term Energy Plan," the Ontario Provincial Government has reaffirmed its commitment to clean, accessible and affordable energy and laid down a roadmap for handling issues of grave importance, such as climate change and First Nations impact.

We are joined today by the man who is guiding this ambitions plan and helping to realize our commitment to innovation and efficiency.

The Honourable Glenn Thibeault was appointed Ontario's Minister of Energy in June 2016. As Minister of Energy, Mr. Thibeault has focused on ensuring all Ontarians have access to clean, reliable energy. Beginning in the fall 2016, he has been leading consultations across the province on Ontario's renewed "Long-Term Energy Plan." He brings considerable expertise on the topic of environmental impact to the role, having served as Parliamentary Assistant to the Minister of the Environment and Climate Change, focusing on bringing forward the "Climate Change Action Plan." Prior to entering provincial life, Mr. Thibeault was the Member of Parliament for Sudbury and the Executive Director of the Sudbury United Way.

We are very pleased to be joined by our guest today as he dives into the provincial and private partnerships that will take our energy sector into the future. Please, join me in welcoming to the Empire Club stage, the Honourable Glenn Thibeault.

The Honourable Glenn Thibeault

Good afternoon, everyone. Wow. How many speeches have I done that people have come to? We will try that again. Good afternoon, everyone. There we go, much, much better.

Thank you, Barbara, for that kind introduction. First off, I think, for those of you that were at the LTEP launch, the burning question in your mind is "What are the socks today?" Today, I am festive. I have elf socks. I cannot lift it up for everyone to see at the back. I am not that flexible, but, trust me, they are elf socks.

[Remarks in French] Aujourd'hui représente une étape importante pour moi, cela fait exactement 18 moi que j'ai 'était nommé Ministre d'Energie de l'Ontario, certains jours, j'ai vraiment l'impression que cela fait beaucoup

plus longtemps. Today is a milestone for me as it marks exactly 18 months since I was appointed Ontario's Minister of Energy. Some days it feels much, much longer. What do they say about dog years, that there are seven dog years to every one human year? If you measured my time as Energy Minister in dog years, today is my 10-year anniversary.

Yes. I have two dogs back home in Sudbury. One is a Chihuahua that we rescued from the streets of Guadalajara, Mexico. The other one is a Yorkipoo. I have two daughters. Do not judge. They are not really dogs. I do not even know how I am here, but Ella, my Chihuahua, as I said, is from the streets of Guadalajara. We had to speak Spanish to it for the first few months because it did not understand English. All I know in Spanish is 'cerveza por favor' and 'baños'. Fortunately, my kids watched Dora, so they were able to talk to the dog a little bit more.

While sometimes this may feel like a grind, I have to say that I am invigorated by the dedicated professionalism of the staff and public servants from across the Ministry and the agencies that support our work. I think, over the course of the past year, we had OPG. They have commenced the next phase of the Darlington Refurbishment Project, which is currently ahead of schedule and budget. Congratulations, Jeff, keep it up.

We cannot say it often enough that this is the largest clean energy project in Canada with 96% of the project's budget invested in Ontario's companies. The IESO has launched the Market Renewal Working Group, which is leading the way to modernize the foundation of electricity and will be the most significant overhaul since market opening, an effort that is estimated to save ratepayers up to $5.2 billion. The OEB has ramped up the Ontario Electricity Support Program. As we sit here today, over 200,000 low-income Ontarians are receiving vital on-bill financial support. We have more work to do in order to get everyone we can signed up, but we are well on our way. At the same time, this past year, we worked together to launch Ontario's "Fair Hydro Plan," which aims at a 25% reduction in Ontario's electricity rates, the single largest measure to help lower bills in our province's history. We worked collectively—sector partners, agencies and government—to deliver fairness and choice through the province's "2017 Long-Term Energy Plan."

When you think about our shared accomplishments, this year was really quite remarkable. It was a year, I think, we should all be very proud of. And everyone in this room—well, maybe it is just me—is on a countdown to much-deserved vacations, but I did not think that as we prepared for our annual holiday recess this afternoon at the Legislative Assembly of Ontario was an opportunity for me to bore you and rehash all of the 2017 accomplishments.

[Remarks in French] J'aimerais parler de ma vision concernant l'avenir de secteur de l'electricite de Ontario et de que ce notre gouvernement être apprends pour préparer cet avenir. Le plan « Garantir l'équité et le choix » lancé il y a environ deux mois, décrit la façon dont nous pensons que le secteur de l'énergie évoluera à court moyen et long termes.

I want to discuss my vision for the future of Ontario's electricity system and what our government is going to do to prepare for that future. "Delivering Fairness and Choice," launched about two months ago, is an important outline for how we see the energy sector unfold in the short, medium, and long terms.

What went unrecognized, or at least unspoken, as part of the public dialogue regarding the 2017 LTEP, is the evolution of our government's thinking about the role of political actors in the administration of the energy system. The "2017 Long-Term Plan" is important as much for what it does not say or do. We are not launching any new procurements. When we look forward to a potential supply gap in the early 2020s as Pickering comes offline, we are keen to hear from experts before we embark on any new capacity contracts.

For many in this room, that seems like a no-brainer. For those of us on the political side, I must admit, we have sometimes micromanaged the sector a bit too much over the course of the past decade, often for valid and important reasons. Coal closure and our transition to a green energy economy were important goals that helped to create the diverse and robust system that we have today.

As some of you have undoubtedly heard me say before, it was not the what, but the how, where we lost our way, which is exactly the kind of micromanagement I am referring to. With this "Long-Term Energy Plan," we are turning the page of this style of management and effectively managing the sector at an appropriate altitude, providing high-level directional leadership while leaving more of the important details about implementation up to the experts at the IESO and the OEB to undertake. I look forward to seeing more of that in the implementation plans that are due early in the new year, and I want to thank all of those who are working on giving life to those plans.

After concluding the LTEP this fall, you would have expected the folks at the Ministry of Energy to take a bit of a break. Right, Serge? That is not our style. That is not what this sector needs. There is still plenty of work that needs to be done. While we will not rush to embrace and procure the next big thing, we do need to prepare our electricity market's evolution.

Ontario's regulatory and public policy governance structures need to evolve to keep up with this ever-changing marketplace. This is a key foundational element that we need to get right. Through our "Long-Term Energy Plan," our government signaled our intention to become less prescriptive and allow for leaders at all segments of the value chain to enter the energy market without a heavy-handed regulatory model getting in the way. This means the government will need to take a step back from picking specific technology's winners and losers to allow for a more dynamic outcome-based approach. Technology-specific procurements that stifle competitive tensions and discourage innovation will be replaced by more transparent and competitive market mechanisms. Let me give you an example. Just a few weeks ago, the IESO revealed that in this year's regulation services procurement, the successful contract winners came from two innovative battery storage providers. For me, this underscores that new and innovative technologies can compete and win against traditional and established market participants. It also means that the era of government directives designed to prop up specific technologies is over.

As we turn toward the future, we will focus public policy attention on the important outcomes that we all want to achieve together. Innovations that drive down system costs and carbon emissions—they will be encouraged. That is why we are focused on enabling those well-suited to take on the role of sector innovators to figure out ways to meet these objectives. That is why I am pleased to announce that the IESO will be launching an important request for information (RFI) specific to non-emitting resources with an eye toward filling any future supply gap that may materialize after the closure of Pickering Nuclear in 2024.

Driven by the IESO through grassroots collaboration with the non-emitting resource subcommittee, this RFI will be a direct input into the market renewal process. The IESO will outline the need, specify criteria for market participants and new entrants to offer any resource product that can help Ontario meet our future capacity requirements without increasing carbon emissions and helping us drive down costs.

As the result of the recent regulation services procurement showcase, competition is an important ingredient in Ontario's evolution towards an incremental capacity auction. While this represents one small step for the energy sector towards a level playing field for those looking to supply electricity in Ontario, it is a giant leap for Queen's Park as politicians get out of the way of our system operator and market participants.

The outcome of this RFI will directly support the IESO's market renewal work and will undoubtedly lead to an important price discovery that will drive us to our government's goal of reducing total system costs. This RFI is being launched immediately, and the first stakeholder webinar will be held next week. This approach underscores what the IESO and our government have been saying for over two years, that market renewal must proceed through a made-in-Ontario approach.

I am especially pleased that this undertaking is not the result of government regulation or a Minister's Letter of Direction. Instead, it is the result of the collaboration and the collaborative partnerships that have underpinned the Market Renewal Working Group since its launch last year. At the same time, Ontario's distribution sector is also preparing for its own evolution. In fact, many predict a major disruption in the LDC marketplace. In a very real way, the distribution sector may now be a point which the telecommunication companies occupied in the late 1980s. Technological innovations and customer demands for better services and products are driving a remarkable pace of change. Some of our more innovative local distribution companies have found that they can supply new low-growth more economically by using innovative technologies, such as distributed energy resources as opposed to a traditional poles-and-wires approach.

These LDCs should not face financial disincentives to this new and less costly approach because of a regulatory model that is stuck in the 1980s. To that end, recognition needs to be paid to the Ontario Energy Board for taking major steps towards updating their systems over the course of the past decade to include the renewed regulatory framework, which helps to set out a more customized and flexible relationship between the LDCs and the OEB, as well as fixed pricing for residential distribution service, which gives consumers a better signal of cost and value. There have also been legislative changes over the past three years that have enhanced the OEB's consumer protection powers relating to electricity retailers, winter disconnections and unit sub-meter providers.

[Remarks in French] Tout fois, parce que nous cherchons à renouvelait nos réseaux pour l'avenir, nous devons aussi admettre qu'un examen fondamental de la commission de l'énergie de l'Ontario est nécessaires pour oriente et soutenir l'innovation technologique avenir.

I should also mention, my Parliamentary Assistant: Nathalie Des Rosiers, is here today, hence, me practicing my French. I will get my critique afterwards because I think I mispronounced one of those. However, as we seek to renew our systems for the future, we must also acknowledge that a more fundamental and foundational review of the Ontario Energy Board is necessary to help guide and support the technological innovations that are coming.

Home electricity storage, more families driving EVs off the lots of car dealerships, distributed energy resources, net metering and transactive energy options are knocking on the electricity system's door. Government and regulatory structures need to ask if we are ready to take on these challenges and harness the opportunities at hand. To that end, I am pleased to announce that our government has appointed an expert review panel that will be charged with modernization of the Ontario Energy Board. Chaired by Richard Dicerni, the OEB modernization panel will spend 2018 consulting with industry, LDCs, innovators and economic regulators from other jurisdictions to deliver an action plan for regulatory modernization by about this time next year. With a history in both government and the energy sector, Richard is the right choice to lead this critical task.

The scope of the OEB modernization panel will be significant in recognition of the challenges ahead. Government will not presume or attempt to direct the outcomes. In my view, this panel is not a critique of our existing structures or systems, but rather a self-aware assessment that the status quo is changing. This is not about 2018 or 2020, but rather ensuring that we have a regulatory regime that is dynamic and prepared for the realities of 2025 and 2030. Simply put, a regulatory approach that worked for Ontario Hydro does not leave us equipped to tackle the challenges the future will bring.

For some of those cynics in the room, I will point out the obvious. Both the IESO RFI and the important work of the OEB modernization panel will be delivered next winter early in the next term of the next government. That is by design. This important work cannot and will not be rushed. These initiatives naturally follow from the 2017 LTEP released not even two months ago. These deliverables will form the foundation, along with the IESO's market renewal activity to deliver a complete renewal across our governance structures at the Ministry of Energy and our partner agencies at the IESO and the OEB. While I believe that an Ontario Liberal government will be re-elected next spring, the two initiatives announced today are too crucial to wait until the government's next mandate. Regardless of who voters mark their ballot for next June, Ontario's electricity sector must prepare for the future changes that we all know are coming. I believe that the evolution of the energy sector will naturally continue, encouraged by the competitive forces. And so, unshackled from technology-specific procurements, our supply mix will continue to evolve to deliver on Canada's low-carbon economy agenda.

I believe that consumers will become more central actors in our energy sector, and that is the way it should be. Driven by new technologies and consumer preferences, utilities will need to evolve the relationship with customers to deliver more services rather than a simple commodity. I believe that each of you will continue to deliver the good ideas and thought leadership required to modernize our energy and electricity sector for the future.

[Remarks in French] Ontario est un lieu d'excellence et d'innovation remarquables. Nous nous autorisons rarement le droit d'accepter l'louange et d'être fière de notre réalisation. La collaboration des personnes dans cette salle des acteurs de marche et de partenaire de secteur de l'énergie partout en Ontario a permis de rendre notre réseau d'électricité plus vert.

Ontario is home to such remarkable innovation and excellence. We rarely allow ourselves the occasion to accept praise and take pride in our accomplishments. Working together, the individuals in this room and market participants and the energy sector partners across Ontario cleaned and greened our electricity system. You have built an impressive and globally recognized nuclear supply chain that is the envy of the world. Small-scale entrepreneurs—there is my French again—are disrupting it bit by bit, our established regulated monopolies. We regularly hear from other jurisdictions and sector thought leaders asking us how we have built our success story.

When I was appointed Ontario Minister of Energy just a few ten dog years ago, I had no idea what I was in store for. Today, I am in awe of what we have all been able to accomplish together over the last little while. I am excited for what work yet remains to be done, and hopeful for what the future holds for this sector, in Ontario.

I want to thank the Empire Club for once again having me here, today. I want to thank all of you for being here this afternoon and for your constant support and work together over the last year. I do wish everyone a happy holiday and a Merry Christmas and a celebration of light. Also, tomorrow—speaking of lights—all the lightsabers.

The Last Jedi! Please, do not Tweet, because I cannot do it tomorrow. I do not want any spoilers. I have got to be able to see it for myself on the big screen. Again, everyone, have yourself a great holiday. Thank you very much.

Note of Appreciation, by James Scongack, Vice President, Corporate Affairs and Environment, Bruce Power

This is going to be a tough thank you to do because I know the networking has started. I will keep it very brief.

Minister, thank you very much for your remarks. I think everybody now is looking forward to a Christmas holiday where they can start drafting their responses to the RFI, so thank you very much for that. The consultants are going wild in the room.

I want to do a bit of a different thank you at the lunch this afternoon. It is the holiday season; Christmas is coming up. For people like the Minister and the Parliamentary Assistant, in politics, and public servants, there is no shortage of free advice, and there is no shortage of pundits looking forward to the next election.

I want to take this opportunity to recognize all the work of you and your Ministry over the course of the last year and for your public service. I am hoping you are going to get some time to spend with your family over the holidays. I know you and your family make tremendous sacrifices to do what you do. Let us give the Minister and the Parliamentary Assistant a round of applause and thank them for their contribution. The other thing I want to do, and Andrew Teliszewski is going to get mad at me, but if all of the Minister's staff and all of the staff from the Ministry of Energy and all of the staff from the Independent Electricity System Operator, if you could also, please, stand for a round of applause. Come on, do not be shy. I see Serge. I see Peter Gregg.

Thank you very much for your public service as well. We can have our disagreements on policy from time to time, but you do all-important roles, and we thank you for your contribution. Merry Christmas. Happy Holidays and look forward to another exciting year in 2018. Take care.

Concluding Remarks, by Barbara Jesson

At the Empire Club, we pride ourselves in bringing important issues and discussions, like the one we have heard, to our podium. We could not do it without our wonderful sponsors. I want to thank them very sincerely—Bruce Power, CLEAResult and Alectra Utilities—for making this event possible. We are very, very grateful.

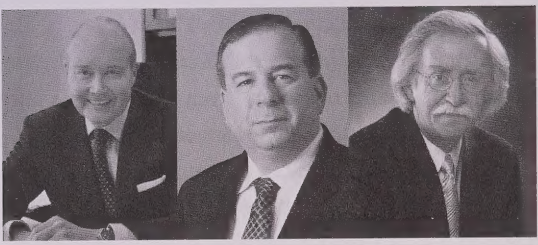
I would like to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world.

Please, follow us @Empire_Club, and visit us at www.empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram. Join us for our next event, which will be in 2018, on January 11th, for our Investment Outlook at the Royal York Hotel.

I want to wish everyone a wonderful festive season. Thank you for your attendance today.

This meeting is now adjourned.

The Empire Club Presents



ANNUAL INVESTMENT OUTLOOK LUNCHEON 2018

FEATURING: NICK BARISHEFF, IAN RUSSELL & DAVID ROSENBERG

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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January 11, 2018

Good afternoon, ladies and gentlemen. From the Royal York Hotel in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting. Before our distinguished speakers are introduced today, it gives me great pleasure to introduce our Head Table Guests. I would ask each Guest to rise for a brief moment and be seated as your name is called. Please, refrain from applauding until all the Head Table Guests have been introduced because, as you can see, it is a rather large Head Table.

HEAD TABLE

Distinguished Guest Speakers:

Mr. Nick Barisheff, President and Chief Executive Officer, BMG Group Inc.
Mr. David Rosenberg, Chief Economist, Gluskin Sheff +Associates Inc.
Mr. Ian Russell, President and Chief Executive Officer, Investment Industry Association of Canada

Guests:

Mr. Matt Black, Defensive Back, Toronto Argonauts Football Club, CFL
Ms. Georgina Blanas, Executive Director, PCMA; Director, Empire Club of Canada
Mr. David Brown, Partner, WeirFoulds LLP
Mr. Richard Carleton, Chief Executive Officer, Canadian Securities Exchange; Director, Empire Club of Canada
Mr. Rory Cattanach, Partner, Wildeboer Dellelce LLP
Ms. Vivien Clubb, Head, Marketing and Communications, IBK Capital Corp.
Mr. Philip Grosch, Partner, PwC; President, Treble Victor Group
Mr. Joe Hinzer, President, Watts, Griffis & McOuat Ltd.
Mr. Tyler Holmes, Offensive Lineman, Toronto Argonauts Football Club, CFL
Mr. Lance Hooper, President and Chief Operating Officer, Cobalt Blockchain Inc.
Ms. Sue Lemon, Chief Executive Officer, CFA Society Toronto
Ms. Jacoline Loewen, Director, UBS Bank (Canada)
Dr. Gordon McIvor; Past President, Empire Club of Canada
Ms. Verity Sylvester, Vice President, CMC+CO; Past President, Empire Club of Canada
Mr. Rodney Thomas, Immediate Past President, Prospectors & Developers Association of Canada (PDAC)
Mr. William White, Chairman, IBK Capital Corp.; Director, Empire Club of Canada

My name is Barbara Jesson. I am President of Jesson + Company Communications and President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

I find it interesting that our speakers, today, are sharing the podium with the Toronto Argonauts, winners of the 105th Grey

Cup, because it does seem to me that economic forecasting and sporting prognostication share a good deal in common. These days, both rely heavily on statistics, but can quickly be derailed by random acts of disruption. We are living in a world of quixotic decision-making that makes predicting anything in 2018 particularly audacious, in my opinion. I am full of respect for anyone who has the temerity to go on the record on the prospects for investments in the year ahead.

Of course, investment forecasting is not quite the same as economic projection, although they frequently rely on some of the same data. It goes without saying that the current of the market is difficult enough to harness, let alone anticipate.

Forecasting is never easy, but for most of us, it certainly has never been more elusive. I liken it to weather forecasting. If the weatherman predicts rain, I carry an umbrella. If it rains, I am very happy to have it, and if the clouds evaporate and the sun comes out, well, I am just so darned happy to see the sun. I do not mind at all that I have to carry that umbrella. I see it as a kind of talisman that wards off the storm.

Unfortunately, investment forecasters have to rely on human behaviour in developing their models. As pollsters have learned only too dramatically in the past 18 months, human behaviour is anything but predictable.

Then we have that guy in the Whitehouse just south of us. Try and find anything rational in what to expect from him.

Of course, the headlines, today, are rather startling. We have the question of interest rates. Will they go up or will they stay where they are? We have the WTO challenge by our minister of trade, and we have the reports of the imminent demise of our NAFTA agreement with the United States.

As I was preparing my remarks for the lunch today, I received an email. It went like this: "I wonder if you would be interested in an infographic my team and I created about the eight disasters to prepare for in 2018, including nuclear accidents, EMP attacks, economic collapse, pandemics, and terrorism." When you accept that in the best of times forecasting has its challenges, and then you add in the mercurial political environment of our world today, you will understand why I said at the outset that our speakers, today, have my full admiration. Anyone trying to put forward a coherent investment strategy in this climate has my attention, indeed.

With no further delay on my part, we are joined today at our 2018 Investment Outlook Luncheon by Mr. Ian Russell, David Rosenberg, and Nick Barisheff. Mr. Russell is the President and Chief Executive Officer of the Investment Industry Association of Canada, a position he has held since its inauguration in April 2006.

Graduating from the University of Western Ontario with an honours degree in economics and business, he has enjoyed a long and successful career in the securities industry.

Mr. Rosenberg is the Chief Economist and Strategist at Gluskin Sheff, and the former Chief North American Economist at Merrill Lynch. A graduate of our own University of Toronto, he is also the author of Breakfast with Dave, a daily distillation of his economic and financial market insights.

Mr. Barisheff is the Founder, President and CEO of BMG

Group Inc., a company dedicated to providing investors with a secure, cost-effective, transparent way to purchase and hold physical bullion. An internationally recognized bullion expert, Nick has written numerous articles on bullion and current market trends that have published on various news and business websites, and he appears often in the media.

Ladies and gentlemen, please, join me in welcoming Mr. Russell to our podium.

Ian Russell

Thank you, Barbara. Good afternoon. I am delighted to join you, again, at the Annual Investment Outlook Luncheon. In my remarks, today, I will take a slightly different perspective and offer my views on the outlook for the risks to capital markets. In fact, after listening to Barbara's opening comments about the challenges of forecasting in today's climate, it is perhaps the safest place to be.

The consensus forecast, this year, calls for continued, steady, modest economic growth and stable capital markets, both globally and in North America. You will hear more about all of this later on from our other presenters. Global capital markets are acutely vulnerable to certain risks of disruption and dislocation whatever the near-term outlook happens to be.

The global markets face the threat of market fragmentation, a shortage of liquidity, and the potential of being upturned by a significant shock. I would like to look at each of these risks in turn.

First, the potential for regulatory fragmentation. When individual jurisdictions impose different rules for similar market activities, it interferes with the flow of cross-border capital, resulting in higher costs and market inefficiency to the users and providers of capital.

Fragmentation invites a myriad of problems. One, regulatory arbitrage and unfair competition. Two, fragmentation undermines the ability of financial institutions to conduct business, complicating trade and investment. We have seen what happens when markets fragment. Consider the global over-the-counter derivatives market. The G20 leaders agreed, in the wake of the financial crisis in 2009, to improve the integrity of OTC trading, clearing and reporting. The regulators failed to coordinate rulemaking with each other. The result: Fragmented markets led to rule duplication and rule overlap for similar types of transactions. Derivatives traders, subject to multiple regulatory regimes, were unable to execute transactions efficiently with foreign counterparties and to clear securities through offshore clearing houses. Fluid global OTC markets transformed into balkanized markets. Derivatives investors were left with less choice, less liquidity and higher costs. The key question is: Will the current trend, moving away from cross-border regulatory cooperation lead to the same result?

The United States is now engaged in the process of financial deregulation, in marked contrast to most of the rest of the world. We see signs that the White House, the Treasury, and Congress are putting America first and global regulatory cooperation last. The Treasury has urged U.S. regulatory bodies to try to shape regulatory standards to meet domestic objectives rather than global concerns—the beginning of two distinct regulatory tracks in which the U.S. moves in the opposite direction to its principal trading partners.

For example, the Treasury has recommended delaying the domestic implementation of two significant components of the Basel Committee recommendations to promote a more resilient global banking system; provisions to ensure banks have a minimal amount of stable funding; and the review of trading books to reduce potential trading risks. In fact, leading members of Congress have voiced resistance to the Federal Reserve Board involvement in the negotiations on international regulatory standards and the pursuit of global regulatory goals with international organizations, such as the Financial Stability Board and the Basel Committee.

Members of Congress have called for a review of global institutions and past agreements in a wide range of areas, from bank capital to insurance to asset management. While we are not likely to see a sweeping overhaul of U.S. financial regulation that was passed in 2010, aspects will certainly be reshaped and softened, such as criteria to determine whether banks are considered systemically important and, as well, there will be modifications to the Volcker Rule that bans banks from engaging in proprietary trading and saddling taxpayers with potential massive losses.

We also see an increase in protectionism. In the post-Brexit world, U.K. officials have signaled that they may develop a distinct regulatory framework, moving financial services regulation away from EU directives and regulations over time. That would increase the potential for regulatory divergence, arbitrage and renewed financial instability. If the EU mandates trading marketplaces and CCPs to be based in the EU member countries and outside London, that would exacerbate fragmentation.

Here in Canada, we took a significant step away from fragmentation by establishing the Cooperative Capital Markets Regulatory System. The CCMRS encompasses only five provinces and one territory. A little more than half the provinces and territories still remain outside the cooperative regulator. Moreover, it will be at least another year before the CCMRS is operational. Ours remains the only industrialized country lacking a single body to regulate its securities markets.

Meanwhile, regulators across the Canadian financial sector have identified significant regulatory gaps in disclosure and market conduct in the provision of financial advice and investment products. These gaps will have to be addressed through greater regulatory cooperation.

The second major threat that our capital markets face is the risk of illiquidity. Liquidity is essential to facilitate trade flows. Investors only buy when they are sure they can sell, and they can sell only if there are buyers.

The decline in the liquidity in global markets is particularly noticeable in periods of stressed markets when market-makers pull back sharply from dealing activity. The liquidity problem can be traced to various factors, from narrower dealing spreads to more expensive capital. Weak liquidity is a serious risk to markets as it results in less efficient pricing of the new offerings of securities, and also leaves markets more vulnerable to external shocks.

The third threat we face is the increased risk of sudden shocks to the financial system and our ability to respond to them. Our financial markets are especially vulnerable because of the growth in exchange-traded funds. Increasingly, investors are putting their money in diversified index funds, in effect, buying the market rather than individual companies, to reduce costs and preserve capital. Increasingly, large institutional funds and asset managers are also investing in ETFs.

According to Bank of America Merrill Lynch, ETFs now make up one-quarter of U.S. stock trading volume and three-quarters of traded single stocks. Five years ago, ETFs accounted for just one-sixth of U.S. stock market trading volume. Meanwhile, the percentage of equity mutual fund assets jumped from 19% in 2009 to 37% in 2017, according to the Bank of America.

While the figures are not as high in Canada, increasingly, what we have is a market of markets, rather than a market of individual companies. The large, concentrated holdings of index-linked products either in ETFs or mutual funds in both individual and institutional portfolios are vulnerable to asset price declines synchronized right across the marketplace and highly exposed to external shocks from macro factors, such as rising inflation rates, change in the direction of monetary policy, or a major geo-political event.

The consequent downward asset price adjustment could be faster, more correlated and more intense than adjustments in markets driven by more fundamental factors. The potential is there for an unprecedented herd mentality, leaving market-makers with limited scope to absorb panic selling.

Another potential shock comes from the lack of cyber resilience or proper cyber defense. The increased sophistication and frequency of cyber-attacks not only cause financial loss and breach of confidentiality, but interfere with trading venues and capital markets activity. That risk is amplified by the significant outsourcing by investment dealers and asset managers to enhance efficiencies, compensate for scale and reduce costs. Firms' standards of financial integrity and cybersecurity may not be matched by these third-party vendors.

How do we guard against all these risks? One, we need better regulatory coordination. Regulators from different capital markets and jurisdictions need to coordinate more effectively with each other across borders. We see some positive examples of this. Regulators around the world, including Canadian regulators are focusing on increasing the cyber resilience of the financial systems.

IOSCO plans to undertake a comprehensive study of cyber outsourcing of services and related risks and develop a template for due diligence and oversight to manage risk.

The Financial Stability Board is developing a work plan to address weak corporate governance of financial institutions.

Regulators within a particular country or jurisdiction also need to cooperate and coordinate with each other across the domestic financial sector, involving insurance, banking and securities firms. In Canada, we have seen two positive examples of this. The Financial Consumer Agency of Canada recently entered into an information-sharing memorandum of understanding with IIROC, setting a framework to facilitate compliance with and enforcement of rules and requirements of the respective organizations. This formal cooperation suggests a more active rulemaking and requirement regime at the FCAC. This rulemaking, in return, will require greater interaction between the bank and securities regulators.

The newly established Financial Services Regulatory Authority in Ontario will develop detailed regulations for the insurance industry and other financial institutions operating in Ontario. It is important that these banking and insurance regulators cooperate with securities regulators to ensure similar rules for similar retail activities. It should be noted, the securities regulators in Canada, led by the CSA, have made great strides in strengthening market conduct rules for advisors and the transparency of the investment process. Regulators outside the domestic investment industry should take note. Here is the second way we can guard against risks: We need a careful, disciplined approach to regulation, finding the appropriate and most cost-effective rules to guide financial advice and market dealing. We have made good progress, but need to rely even more on evidence-based analysis and more extensive cost-benefit work.

Thirdly, while non-bank institutions in the financial sector are not themselves systemically important, their participation in stressed financial markets could contribute to a systemic market impact. We need to strengthen the underpinnings of these institutions, notably some of the large asset managers, through increased liquidity cushions and tighter leverage requirements.

Ladies and gentlemen, a decade out of the financial collapse, the capital markets are healthy, but they have within them inherent risks. We must guard against market fragmentation through better regulatory coordination; we need to take greater care in the rulemaking process; and we need to limit the potential for market shocks as best we can.

The risks are there. We must be mindful of them, and we must address them. Thank you.

David Rosenberg

Happy New Year, everybody. When Bill White asked me to come here and speak, I reminded him, "This is my 9th year here since 2009." He said, "Rosenberg, we are going to keep on inviting you back until you get it right." I want to see if anybody in the room can match that level of job security.

I believe in second chances, but nine is a real stretch. Let us get into the theme for 2018. When the economists and the analysts and the strategists are all thinking about their thematic for the following year, and we are struggling to come up with the headline-grabbing title, there is an old refrain that when in doubt, resort to the Chinese zodiac. That is what I did. I went to the Year of the Dog. Let us hope that it is just a mild bark and not a bite. I actually find it interesting because the last time it was a canine was in 2006. If you remember, that was the last full year of the cycle that, of course, everybody thought was never going to end, and I was standing at the top of the mountain barking, "Take risk off the table! Time for capital preservation, and, no, there is nobody out there that is going to be able to time it for you, but understand where you are in the cycle."

It is the Year of the Dog, and this dog needs some training, otherwise known as some late-cycle training. That is what we are going to be talking about.

As I was developing this thematic, I was thinking to myself, especially, after the year that we have just had, about what the wise investment sages would be saying right now. No matter where you looked last year, FANG stocks, other growth stocks, emerging market stocks, corporate bonds, precious metals—I would put bitcoin on here, but it would blow up the slide, as it was only up 1,400%. Now, there is helium coming out of that bubble. Take a look at the asset class that actually performed the worst, which is global bonds, which generated a 7.5% total return last year. Bonds generated an equity-like return.

Last year was very unusual. It is telling you something about all this liquidity sloshing around the globe. Here is my forecast. I will give you my forecast. It is not numerical, but I will say this: This is a one-in-century event. Therefore, in the Year of the Dog, when we redraw these bars 12 months from now, they are going to look a lot different.

I do not think that needs a disclaimer. I was thinking about what the great sages would say about this environment.

I thought, "Well, last year I talked a lot about Donald Trump," but this is my only slide on Trump this year, thankfully. But I thought, "Why would we not ask the stable genius what he thinks?

In September 2016, he actually tweeted, "We are in a big, fat, ugly bubble and we better be awfully careful," when the Dow was 7000 points lower than it is today. That was a big, fat, ugly bubble. What is it today, Mr. President? I do not know. Is it a hot air balloon? You tell me. Maybe we should actually dig a little deeper, right, to the real mental giants in this business to really make sure that we are grounded after this phenomenal risk-appetite year that we came off of.

Benjamin Graham [said], "While enthusiasm may be necessary for great accomplishments elsewhere, on Wall Street it almost invariably leads to disaster." Remember the word 'enthusiasm'.

What about the oracle, "Be fearful when others are greedy; be greedy when others are fearful." It sounds pretty glib, right? But this is wash, rinse, repeat, right now, at this stage of the cycle. The other one is from Warren Buffett: "What we learn from history is that people do not learn from history." How great is that?

What about Baron Nathan Rothschild? This is great. At the peak, he was only worth $35 billion. That was back in the 1800s. "I never buy at the bottom, and I always sell too soon," he said. How pithy is that? I never wait for the peak.

I never bought at the bottom. I never wait for the peak. Really, when you think about the successful people in this business of investing, they are the ones that really play the middle 60% of the cycle. I will show you that we are well past the 60% of the cycle.

Sir John Templeton: "Bull markets are born on pessimism, grown on skepticism, mature on optimism, and die on euphoria." We hear two 'E' words: 'enthusiasm' and 'euphoria'. Then, you map this out on the investment cycle.

When I spoke here in 2009, we were somehow, somewhere down on the bottom, on the right, close to depression, but coming off the lows. Where are we today? We are somewhere on the left side of that chart, somewhere between enthusiasm and exhilaration. I am not saying we are quite at the euphoric state yet, but we are getting there. The operative word is to invest accordingly.

I do not know how this quote got in here. That is just an insult, but John Kenneth Galbraith was, after all, an economist, so I guess this is just a little self-deprecating humour: "The only function of economic forecasting is to make astrology look respectable." I think that we had an umbrella. It is basically more like that God made economists make weathermen feel good about themselves. That is basically the way we would say it today.

There is another economist, Herb Stein, Ben Stein's father—you remember Ben Stein, right? Bueller? His father was actually Richard Nixon's economist back in the '70s. Do not hold that against him. He was really a brilliant man.

He said, “If something cannot go on forever, it will stop.” What could be more obvious than that?

What we want to talk about is not so much about numerical forecasts. We could talk about where I think the Canadian dollar is going. I am not going to give you a point forecasts. If I did not like the Canadian dollar at $1.29, I sure do not like it at $1.24. We can talk about interest rates. There is no question that the short end of the yield curve is going to drift higher in the coming here. Canada will feel part of that from the U.S., no matter what the Bank of Canada does.

Let us talk about what is happening from 30,000 feet up in the air. It is not about numerical forecasts, which economists give you, which are meaningless. It is really about How are we going to invest in the next say 8 to 12 to 24 months? I think it is imperative that we understand where we are in the cycle. I showed you the exuberance in the investment cycle. Is it matching what we are seeing on the economic cycle? What are these bars? They are very simple. These bars are the length of the expansions going back—well, my Lord, I got them back to Ulysses Grant. I got data back to the 1860s. A typical economic expansion is 40 months. People would say, “Why would you go back to the Civil War?

The economy is so much different.” Okay, I will admit that, so go back to the post World War II experience. A typical normal—the average is the norm. Norm is normal; the average expansion is 60 months. That is typical. As we stand here, today, or as you sit here, today, the expansion is 103 months old. If it makes it to May, it will be the second-longest ever.

Of course, the pushback is, “Oh, well, expansions, they do not die of old age.” I know that, but they die. Expansions die; recessions die; bear markets die; bull markets die. It is just a cycle. This is actually very abnormal that we are in the 103rd month. The question is how much longer are we going to go? People say we do not die of old age. I said I know that; we usually die at the hands of the Central Bank—I will get into that in a second—more the Fed than the Bank of Canada.

They call economics the ‘dismal science’. Do you know why? You have to flip it on its head. So much of the economic data for investors are contrary indicators. Let us take a look at consumer confidence. You see this chart here? This is actually absolutely fascinating. Take a look. See that when consumer confidence is at a peak, recession is usually a year away. How do you like that? When you are at the bottom, the recession is about to end. Why is that? Because of the peak of consumer confidence; it is like there is no more pent-up demand. It is like you had the five-course meal; you cannot stomach the crème brûlée. You basically have already oversaturated yourself with all the purchases of consumer gerbils over the course of the past five, six, seven years, and exactly the opposite right at the bottom. You starved yourself. You have not taken the family out for dinner. You have not gone on any vacation. Do you not see how great this indicator is? When people say consumer confidence is so great, I am saying, “Yes, not only is it great; it is actually in a peak.” What does that mean when it comes time to investing your money? It is like the optimist and pessimist. They meet for a coffee. The optimist says things cannot possibly get any better. The pessimist says, "I think you are right." That is exactly what this chart is attempting to show.

The flip chart is, of course, the labour market. How great is the labour market? You wanted to buy all-in risk nine years ago when everybody was hiding under the table screaming "Uncle!" Consumer confidence was depressed; there was tremendous pent-up demand ready to be unleased; and, at the same time, the unemployment was 10%. Things will never get better. That is the optimal time to add as much risk to the portfolio. That day will come again, but for this cycle, it is well on the rearview mirror.

Unemployment rate. The chart in Canada looks much the same. We are hitting the wall on the labour market. The unemployment is down to 4%. Take a look, once again. This is actually the flipside, the mirror image of consumer confidence. Take a look when you hit the wall on labour. We are running out of labour. Unemployment is at 4%. That is great news. We have got to raise wages? Okay, that is great. Wal-Mart is raising wages. That is great. It will come out of their margins. What does that mean to you as an investor? It is funny, actually, that when things get this good, maybe they get a little too good, but this is all classic late-cycle confidence—the labour market, autos, housing.

What about the Fed? The Fed is raising rates, albeit from a very low level. It is always from a low level, and you always see who is standing naked on shore when the tide rolls out, when the Fed is starting to drain liquidity. Some Fed tightening cycles are longer than others. Here is what I know about Fed-tightening cycles. By the way, when you are talking to the bulls, what do you notice was the mantra in '08 and '09 and in 2010? Do not fight the Fed. Do not fight the Fed. Do not fight the Fed. Ultimately, the Fed wins. I have never seen the Fed ever fail to stop a bear market in its tracks. I have never seen the Fed fail to end a recession in its tracks. Sometimes it takes more fire power than others, like it did with 0% interest rates and endless quantitative easing, but, rest assured, the Fed will get what it wants. Do not fight the Fed. It works from both directions. The Fed is raising rates, but not just raising rates: This year is going to be different because they are going to shrink their balance sheet by $450 billion. Basically two-thirds of QE1, one that we all loved back in 2010 is going to unwind between now and the end of this year.

And I know that a Fed tightening cycle is not the same as a Fed easing cycle. You want to invest differently in a tightening cycle than an easing cycle. I do not remember a time, historically, when we finished a Fed-tightening cycle with the economy accelerating. You either go into a soft landing where growth slows and the Fed just knows when to stop in time, or you go into a recession which, let us face it, is part of the investing and part of the economic landscape. Recessions, expansions. Thankfully, recessions are short and brief, and expansions typically long and strong, but they are joined at the hip.

We have got people out there that are saying this new Fed Chairman, Jerome Powell, is a Janet Yellen clone. I do not know. These people say this. I see them on CNBC and BNN, and I am there thinking, "Are they just lazy, or are they clueless?" Basically, go back and read. Go back to the FOMC transcripts. You can get them back to 2012. Powell was definitely no big fan of this bloated Fed balance sheet. He is no big fan, by the way, of the pursuit of a 2% core inflation goal that the Fed is never going to hit because of technology, demographics, excessive debt. In the interim, they are chasing a core inflation target that they have not reached in five years and that they will never reach. And in the interim, what they have done is they have created inflation, rapid inflation of financial assets. That is not a sustainable model. Focus on the yield curve, the gap between short-term rates and long-term rates. It is flattening. When it inverts, we invariably get a recession of bear market. This is something we are focusing on very closely at Gluskin Sheff. It has not inverted yet, but, once again, this is classically late cycle.

The question then is just how late? Sixth inning? Seventh inning? Just how late are we? To answer that question, what we did was we took a whole bunch of different market and macro variables, credit spreads, price earnings multiples, unemployment rate, unemployment to population ratio, industry operating rates—a whole bunch of different things—and we did not do a peak to trough or trough to peak. I will not get too technical, but we just looked at what the percent reversal was in all these things from the previous bear market and recession condition to way back in time to get some data points. Lo and behold, we figured that in the U.S.—and by the way, in Canada as well—we are about 90% into the cycle. The Year of the Dog, basically, says enjoy it while it lasts. We have about another year left in the tank.

What does that mean? It does not mean that you have to go out and buy baked beans and canned tuna fish and sawed-off shotguns and barbed wire. It just means that we need to know where we are. When people ask me what keeps me up at night, I guess what keeps me up at night is Where is my blind spot? It is not about being bullish or bearish, perma-bull, perma-bear, these labels. It is about being empowered, knowing where we are on the business cycle, so we can prepare, because across that whole continuum of the cycle is an optimal asset mix recommendation and an optimal equity sector recommendation. It behooves the economist to not worry so much about the next employment number or what Stephen Poloz is going to do next week. Help investors identify where we are in the business cycle, so they can protect their capital and grow it over time. I wish I could come to you and say we are in the first three innings. At some point two years from now, we will be back in the first three innings because the cycle is a cycle, but, right now, we are basically between the 7th inning stretch and the middle of the 9th inning. I am not saying, "End game." I am saying, "Late game." It means a completely different investment style. It means you become more cautious. It means you take risk off the table. It means in your equity portfolio, be very mindful of your GDP sensitivity.

It means focus on companies that did not work last year. You want to focus on companies that have earnings visibility, predictability, not volatility. Save that for the early stage of the cycle.

It also means that as the Fed raises rates and short-term and mid-term rates go up in the next year—classic late cycle—how you want to be in your bond portfolio is very important. It means credit hedge funds, long, short strategies in the fixed income market with very low correlation with the stock market: Classic late-cycle investment strategies.

You mention late cycle, and people get nervous. Late cycle, late cycle, late cycle, but we are just talking North America here. Canada, God bless us, we are 2.5% of the world's capital market. The U.S. is another 35%. There is another 60% out there. We have got to think outside of our box. There is $40 trillion of investable, blue chip, liquid listed companies on the other sides of both oceans. You can play late cycle in North America where the menu is a lot narrower, or you can basically go to other jurisdictions around the world that are more mid-cycle, with better politics, by the way, better valuations and are at a different stage of the cycle, more 5th inning than 7th, 8th inning.

I just want to bring up my one positive idea of the year, which is Japan, which was asleep for so long, but now it is super-Abe! Abe got re-elected on October 22nd with a huge mandate. The Nikkei is up 10% since he got elected in October. I do not see people calling it the Abe rally. Oh, but it is the Trump rally. In any event, there is a lot of very interesting things happening in Japan that you might not know.

People say to me, "Why would you ever want to invest in a country whose population is going down? Who cares about the population of Japan? What does that have to do with Sony?" What you care about, as an economist, is what the income is that the population is spinning out. Ultimately, if you are buying profits, profits is part of national income. The female participation rate under Abe—did you know that 1.5 million women have joined the labour force in Japan since Abe got elected for the first time five years ago? Nobody knows that. That is adding national income. What else? That is a big taboo that has been broken—women entering the labour force? What else?

What about foreign entry? You can actually get a five-year work visa in Japan now. Unheard of. As H-1B visa applications in the U.S. are down 40%—that is what I was on what I was at Merrill—foreign immigration of labour in Japan is up 7%. I have got news for you. They are generating income. As you can see it for yourself: Ten quarters in a row of positive growth. They have broken the back of deflation, but look at the chart of profit margins. Profit margins in Japan have gone up to an all-time high, and they are still rising, and, yet, their stock market only recently broke out. It is one of the only stock markets in the world where margins are at an all-time high, but their stock market is still 40% below its previous peak. You are not going to find that in too many jurisdictions in the world.

Abe got elected in October, and, in the past couple of months, you could see a definitive breakout in the Japanese stock market. This is very exciting for me. Japan is five times the size of the Canadian market. This is a market that we can understand. It is liquid. We can invest in it. I would submit to you that this is not just a 2018 story. Last year, the Nikkei was up 20% with 20% profit growth. The U.S. was up 20% with 10% profit growth. This is actually a secular thematic, which means that this is going to have legs that goes beyond the Year of the Dog.

I quoted a lot of people, but I did not quote my one hero of all time, which is Bob Farrell. People in the room know that Bob Farrell was a big mentor of mine. Do you remember the chief strategist for Merrill for 5,000 years? He was splitting the Red Sea with Charlton Heston in the Ten Commandments. You know who he is. Bob Farrell's rule number one out of his "Ten Market Rules to Remember," which is the "Ten Commandments" for investing—by the way, everybody at Gluskin Sheff has Bob Farrell's "Ten Market Rules" pasted on their Bloomberg terminal. Rule number one is mean reversion. Wash, rinse, repeat. This year, mean reversion. Actually, it works in both directions because take a look at Japan. Even though we are in a nascent bull market, look at the share of the Japanese market relative to the overall global stock market. It is at 6.5%. The long-run norm is 8.5%. I would submit to you that if this chart mean reverts, that alone will give you 30% upside. I am not giving a date, but 30% upside to a market is actually very under owned, underappreciated and undervalued. That is where you want to be invested.

I wrote about this late last year. The National Post picked it up. Top 15 reasons why investors should love Japan. For those of you that think I am a perma-bear when it comes to Japan, I am a perma-bull. I love Japan. I was actually hoping we would be served chicken teriyaki, today, so I was actually very disappointed, but [remarks in Japanese] Happy New Year. All the best. Thank you.

Nick Barisheff

Thank you. It is a pleasure to speak, once again, at the Empire Club—just like David, but I have only been here eight times instead of nine. I love always following him because then I do not feel like a lone wolf in the wilderness.

I have always believed that the future price per gold is best understood through long-term irreversible trends. Today's macro trend changes are part of a looming tectonic shift that started decades ago and has not been adequately reported by the media. For example, since the 2008 financial crisis, the Bank for International Settlements introduced new banking rules to be implemented by 2019. These rules stipulated that gold bullion held in own vaults are on an allocated basis and can be treated as cash, and therefore risk rated at zero.

In addition, the U.S. Federal Deposit Insurance Corporation adopted a new rule in August 2012 that also stated gold bullion held in a banking organization's own vault or held in another depository institution's vaults on an allocated basis can be rated 0% risk. It will be interesting to see how the Canadian securities regulators reconcile this paradox, by forcing retail gold bullion mutual funds to be rated as high risk, using standard deviation, while the central banks and commercial banks are allowed to rate their gold bullion holdings as risk free.

Under the Gold Shari'ah Standard, which was adopted at the end of 2016, gold trading has now been approved for the $1.9 trillion Islamic finance industry. The other monumental change is the growing importance of the Shanghai Gold Exchange. The contracts on the new exchange will be physically settled and will be traded between bullion banks, refiners, producers and trading houses. In China, gold is money and is accepted as such by the general population.

Gold trading in London and New York is really the trading of large quantities of synthetic derivatives, which are completely detached from the physical markets, but which are distorting the price of gold. These derivatives are fractionally backed with about 99% settled in cash. There is no purchase of physical gold. While the ratio varies, it is typically 100 oz. of paper gold for every ounce of physical gold. Synthetic paper gold absorbs demand that would otherwise have flowed into the limited physical supply and resulted in much higher prices. In contrast, the Shanghai Gold Exchange is a physical spot price exchange that requires a seller to actually own the physical gold that they are selling. What a novel idea. Physical delivery is the norm, not the exception. The uncontrolled naked shorting of futures contracts, so prevalent on the COMEX, is not allowed. Sergey Shvetsov, Deputy Chairman of the Russian Central Bank, recently stated the major goal-producing nations are tired of an international gold price that is determined in synthetic trading, having little to do with the physical gold market. In November of 2017, India, Russia, Brazil and South Africa, which are the major producers and users of gold, agreed to establish their own gold trading system using their own currencies. This bypasses the U.S. dollar. An implementation will begin in 2018.

While the Chinese Central Bank holdings remain, officially, at about 1800 tonnes, or only 1.5% of their FX reserves, China's true holdings are unknown as it acquires its gold through its sovereign wealth fund, which does not report its holdings.

A Harvard economics professor, Ken Rogoff, who served as an economist for the IMF, has recommended developing companies should sell U.S. treasuries and buy gold up to 10% of international reserves. A number of experts estimate that China already has approximately 6,000 tonnes.

The most important influence in 2018 and beyond is the announcement made in 2017 that China will establish a gold-backed petro-yuan. This will allow oil producers to sell oil to China in yuan, and then exchange yuan into gold via the Shanghai Gold Exchange. China is the world's biggest importer of oil. That means that the price of oil will eventually be set there, like it or not. Pricing oil in yuan will have a huge impact on the exchange value of the yuan, the U.S. dollar and, correspondingly, the price of gold. Iran, Russia, Venezuela, have already agreed to participate, and we could soon see 5 million barrels a day traded not in U.S. dollars, but in Chinese yuan.

Previous attempts to price oil in other currencies were tried by Saddam Hussein and Muammar Gadhafi, and they were disasters for the regime, the leader and their citizens. However, Russia and China are not the same as Iraq and Libya.

The move away from U.S. dollars is a formal strategy by China and Russia meant to unseat the U.S. dollar from its dominant position as the world's reserve currency. Russia and China have already set up an international payment system as an alternative to the Belgium-based SWIFT system, which has been operating since 1973.

The Chinese yuan has been accepted as an 11% component of IMF's Special Drawing Rights, which many observers believe is destined to replace the U.S. dollar as the world's reserve currency. They have also set up the Asian Infrastructure Bank and the New Development Bank in direct competition to the IMF and the World Bank, capitalizing it with an initial $100 billion to be used by BRICS developing countries for infrastructure projects like the massive Silk Road project. All this put together is a massive trend change in the financial epicenter, moving from west to east, and a major pressure on the U.S. dollar continuing as the world's reserve currency.

Ever since I started my first fund in 2002, there have been many conspiracy theories, even books written, about the suppression of the gold and silver prices. In the past, these have been dismissed by the mainstream media as conspiracy theories promoted by gold bugs and organizations like GATA. Now, it has become evident that the manipulation of the gold price has moved out of the conspiracy realm and into the mainstream.

German philosopher, Arthur Schopenhauer, said that "All truth passes through three stages: First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as being self-evident." The manipulation of the gold price has moved close to the third stage, as a recent class action lawsuit for over $1 billion has been filed in New York and Toronto against the six major bullion banks and has been approved to proceed. Another class action suit is being formed in London.

The confirmation of the credibility of these lawsuits is evidenced by the fact that one of the defendants, Deutsche Bank, quickly entered into a settlement agreement, agreeing to pay $60 million for gold and $38 million for silver and, most importantly, agreeing to cooperate with the plaintiffs. All these will have a major impact on the gold price as the paper price diverges from a physical price. When you consider that there are 55 million ounces of futures contracts with only 1% available for delivery and 248 million ounces of unallocated gold on the LBMA, what could possibly go wrong?

This is the registered inventories, and the line on the bottom, which is almost flat, is the amount of physical gold to back those futures contracts.

When I wrote my book, $10,000 Gold, my forecast was based on the positive correlation of the U.S. dollar gold price and U.S. debt between 1970 and 2010. Since then, the rise of U.S. debt has accelerated, but the gold price experienced a puzzling correction that was due to the massive unexplained naked short sales of COMEX gold. These are just some examples: $2.4 billion in June 2017; $2.7 billion in 2015; $1.4 billion in 2014; $2.1 billion in 2013; and $21 billion in 2013. This is in a short space of time, often after closing when there are no participants present in the market. No legitimate trader would ever do this. Draw your own conclusions as to how legitimate this is.

Today, to normalize the relationship between the U.S. debt in gold, gold should be $1,900 per ounce. When gold is liberated from the paper price, the increase will surpass $10,000 per ounce. While most people find this incredulous, one only has to consider the relative amount of paper financial assets to physical gold and mine supply to appreciate how realistic this is.

There is about $294 trillion of global financial assets consisting of equities, bonds and mortgages. All of the gold ever mined in history is 187,000 tonnes, equal to about $8.5 trillion. ETFs purportedly hold 42 tonnes of gold. However, this gold is double counted, as it has been leased from central banks by Authorized Participants and has counterparty claims against these holdings.

When you eliminate the religious artifacts, jewelry and central bank gold, it leaves only about 40,000 tonnes of gold bullion equal to about $1.8 trillion.

This is how the breakout looks. Annual mine supply is about 2,800 tonnes and has been in decline since peaking in 2016. It is projected that it will decline by 76% by 2029. New mines take about 19.5 years to get into production. No new major discoveries over 3 million ounces have been made since 2009. As a result, the only adjusting factor for increased demand is an adjustment in price. With the global financial system experiencing a condition not seen since 1929 of a simultaneous triple bubble in stocks, bonds and real estate sitting on a historically unprecedented pile of $270 trillion of unpayable government debt, subprime auto loans, student loan debt, margin debt and consumer debt, in addition to a very dangerous mountain of over $600 trillion of derivatives, conditions are set for a major market correction. This will result in a massive increase in the price of gold as investors flee to its historical safety.

What is the possible increase that can happen? In 1960, most investors and financial institutions held about 5% of their portfolios in gold. Today, individuals and investors hold less than one half of 1%. If global investors reallocated just 5% of their financial assets to gold, that would be $14.7 trillion of increased demand trying to purchase less than $1.8 trillion of privately held gold. The current price would have to rise by at least eightfold to $10,560 per ounce. However, there is far less than $1.8 trillion of above-ground bullion because most of the privately held gold is owned by the world's wealthiest families for generational wealth preservation, and is not likely to be sold at any price.

When the shift becomes obvious, it will be too late to purchase the insurance that gold has offered for over 3,000 years. You cannot buy insurance during a hurricane. When doing so, it is important that you buy physical bullion, and store it on an allocated, insured basis and not any paper proxies or derivatives, such as ETFs, futures contracts or certificates. These proxies can defeat the very purpose of holding bullion, as there is a very high risk that these instruments will fail at exactly the time when you need your gold the most.

As I have said before, the best time to plant a tree was 20 years ago. The second-best time is today. Thank you.

Note of Appreciation, by William White, Chairman, IBK Capital Corp. and Director, Empire Club of Canada

Madam President, distinguished Head Table Guests, fellow members and guests of the Empire Club of Canada, I have the pleasure to express our formal thanks to our key three speakers and their firms, Ian Russell, President and Chief Executive Officer of the Investment Industry Association of Canada; David Rosenberg, Chief Economist, Gluskin Sheff + Associates Inc.; Nick Barisheff, President and Chief Executive Officer, Bullion Management Group Inc.

Gentlemen, what you did today, why you did it and how you did it helps each of us to better understand and embrace the capital markets for this new year. Each of your presentations pointed out how attractive this recent cycle has been, as well as the challenges and the opportunity available in 2018 to all of us investors in this classic late cycle.

I would also like to thank the representatives of the Toronto Argonauts Football Club for joining us today, and, especially, a thank you to Matt Black and Tyler Holmes. They were educating me on blockchain, which was great. It made it a lot of fun. Matt Black, of course, is my hero. He intercepted the Calgary Stampeders' pass in the last moment of the game to actually end the game with a 27-24 win. He actually gave our household a great deal of joy because we are wonderful Argo fans. Congratulations, on a most successful season and for sharing the Grey Cup with us today.

For a number of you who wish to have your photo with this Grey Cup, please, do so before you leave. The photographer is down there. You can stick around as long as you wish.

In conclusion, please, join me now with a warm and special thank you to Ian Russell, David Rosenberg, Nick Barisheff, the Toronto Argonauts Football Club, Matt Black and Tyler Holmes.

Concluding Remarks, by Barbara Jesson

Thank you, Bill. I am having a very gratifying tenure as the President of the Empire Club. From time to time, people congratulate me on that. I always say that I deserve very little credit for it. I have two secret weapons. They are at either end of the Head Table.

The one is Gordon McIvor, who is a Past President of the Empire Club, and who told me that if I took this on, he would have my back. Boy, has he ever. The other is Bill White, who is a Director of the Club. I do not know how anyone serves on any board without a Bill White.

He is just a remarkable Director, and I am so grateful to him every day for his support and contribution to the success of this Club.

I also want to thank our sponsor because, without sponsors, we really could not hold lunches like we have, today, and learn about so many topics that I have enjoyed hearing about over the course of the past six months.

Our presenting sponsor, the Investment Industry Association of Canada; event sponsors, BMG Group Inc., IBK Capital Corp.; gold sponsors, UBS Bank (Canada), Canadian Securities Exchange, CFA Society of Toronto, WeirFoulds, Wildeboer Dellelce, Watts, Griffis & McOuat Ltd., thank you all so very, very much for making this event possible. We are extremely grateful.

Without sponsors like these, these lunches just would not be possible.

I also want to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world.

Our club is active on social media. Please, follow us on Twitter at @Empire_Club, and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram.

Finally, please, join us again at our next event on January 25th, with Lisa LaFlamme and Sally Armstrong, at One King West Hotel.Thank you for your attendance.

This meeting is now adjourned.

The Empire Club Presents

LISA LAFLAMME & SALLY ARMSTRONG

WITH: FACTS OR FAKE NEWS: ARE YOU BEING INFORMED OR MISLED?

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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January 25, 2018

From One King West in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting. Before our distinguished speakers are introduced today, it gives me great pleasure to introduce our Head Table Guests. I would ask each Guest to stand for a brief moment and be seated as your name is called. I would ask the audience to refrain from applauding until all of the Head Table Guests have been introduced.

HEAD TABLE

Distinguished Guest Speaker:

Ms. Sally Armstrong, Human Rights Activist, Journalist and Award-Winning Author
Ms. Lisa LaFlamme, Chief News Anchor and Senior Editor, CTV National News

Guests:

Mr. Ali Badruddin, Managing Director, Management Consulting, StrategyCorp Inc.; Director, Empire Club of Canada
Ms. Sarah Banks, VP Group Director, FCB Toronto
Mr. Michael Cooke, Editor, Torstar Corporation
Mr. John Honderich, Chair, Torstar Corporation
Ms. Rosa Hwang, Senior Broadcast Producer, News and Network Specials, CTV National News
Ms. Lisa LaVecchia, President and Chief Executive Officer, Ontario Tourism and Marketing Partnership Corporation (OTMPC)
Dr. Gordon McIvor, Past President, Empire Club of Canada
Mr. Mike Van Soelen, Managing Principal, Navigator Limited

My name is Barbara Jesson. I am the President of the Empire Club of Canada and the President of Jesson + Company Communications.

We are very pleased to welcome some students from Centennial College and Ryerson University. Thank you to Bill and Nona MacDonald Heaslip for sponsoring our student table today. Students, please, rise and be recognized. This is going to be one fascinating lunch. Of course, what interests me most in this whole debate about fake news and alt facts is the way both sides of the divide shout at one another, and we do not seem to be getting any closer to common ground—not that alternative facts have not always been a part of the political landscape. But, today, emboldened by a U.S. President who regularly derides mainstream journalists as creators of false news, the purveyors of misleading information are on overdrive.

Most of us are quite simply astonished and dumbfounded—one might say gob smacked—by the bold-faced lies being propagated as fact. I was watching a roundup the other night of Donald Trump's first year in office, and, despite all logic, his base remains solidly behind him and deeply distrustful of traditional media.

Several years ago, I read a book entitled The Righteous Mind, by a writer named Jonathan Haidt. Haidt asks the perennial question: Why does the other side not listen to reason? His research shows that, particularly, when facing moral or political questions, people reach their conclusions quickly and then scan their brains to marshal arguments that defend their position, producing reasons only later to justify what they have already decided. Haidt posits that reasoning itself is not impartial. It does not act like a judge or a teacher weighing in and evaluating evidence.

It acts more like a lawyer or a press secretary, justifying our facts and judgments to others. In this interpretation, reason evolves to help us spin, not to help us learn.

If you want to change people's minds, Haidt argues that there is no point in appealing to reason. Let us substitute here hard facts. He suggests that we have to address the underlying institutions or emotions that lead to the conclusions that reason defends.

With us are two of the most credible journalists working in the Canadian media landscape. We are very fortunate to have them with us to share their perspectives on this bewildering new world we live in.

Lisa LaFlamme has been the Chief News Anchor and Senior Editor of CTV National News since 2011, leading the country's number one newscast. She led CTV News and delivered live coverage of the inauguration of Donald Trump from Washington, D.C. She is known for landing exclusive interviews with leading global figures and has interviewed five Canadian prime ministers.

Prior to assuming the Anchor Chair, Ms. LaFlamme spent a decade on the road as National Affairs Correspondent for CTV National News, covering everything from wars and elections to natural disasters in some of the world's most dangerous locations.

She is a trailblazer for women in Canadian news broadcasting, covering some of the biggest stories of the times.

Sally Armstrong is a human rights activist, a journalist and an award-winning author. She has covered stories about women and girls in zones of conflict all over the world. From Bosnia and Somalia to the Middle East and Rwanda and to the Congo and Afghanistan and Iraq, her eye-witness reports have earned her awards including the Gold Award from the National Magazine Awards Foundation and the Author's Award from the Foundation for the Advancement of Canadian Letters. She received the Amnesty International Canada Media Award in 2000, 2002, 2011 and again last year.

She is the author of several acclaimed books, including

Veiled Threat: The Hidden Power of the Women of Afghanistan; The Nine Lives of Charlotte Taylor; Bitter Roots, Tender Shoots: The Uncertain Fate of Afghanistan's Women and Ascent of Women.

Please, join me in welcoming these two remarkable journalists to our podium.

Lisa LaFlamme & Sally Armstrong

LL: Hi, everybody.

SA: No shortage of news today.

LL: I guess I should say at the outset I have had about two hours of sleep, so forgive me.

SA: I had plenty. I heard the news and went to bed. My first question, of course, would be: Given the shocking story that CTV broke last night, and given everybody's concern and quick accusation these days of fake news, could you take us through the anatomy of a breaking news story and how you make sure it is not fake news?

LL: I think what unfolded and what ultimately went to air last night on CTV National News is an absolute affront to what fake news is in the sense that it was a collaborative effort. It is months in the process to break a story like that. The last few weeks have been about intense interviewing of not just the victims, but anybody connected to them. The amount of work that reporters and producers put in to verify every single thing you hear from locations to you name it—it is a stunning thing.

For the last week, there were hours on the phone with the lawyers and because, of course, we listen to—this very small team—every single interview that has been conducted. I do not laugh, believe me, but this morning, I listened to many people saying, "Well, they are anonymous victims." I think people do not realize they are not anonymous to us, and they are not anonymous, in this particular case, to Patrick Brown. It is our journalistic obligation to tell the person that you are about to report on what the allegation is to give them plenty of time—six hours in this case—to respond to the allegation. It is fascinating how many weeks and weeks and weeks of really quiet work goes into something like this. Then, it gets really intense when you feel like you have got it.

Then, yesterday we had the final corroboration that we needed to know this is just so solid. When our lawyer said, "Okay," this became a journalistic question when you push the go button, so to speak. Then it is intense. It is crazy. To be in a newsroom on the night of a huge story like that—it is just otherworldly because, in the early part of the afternoon, only a few people really know. We have got a fake intro, fake news.

We put a fake intro in the lineup, so that nobody else knows because we do not want anybody to have the information until it is perfect in the system. Lots of people can access your news computer from across the network anyway, and then slowly it started emerging. We have got something really significant here.

Then, we heard that there was a press conference at

9:45. When I first saw that email, I thought "9:45 in the morning." I was thinking, "I can do that and still get to this event," and I was thinking of everything else. Then I read it again and realized: It is 9:45 tonight. Wow, what is he going to do? Then, we watched the press conference. We were live at 10 o'clock. Literally, the show was going to air, and someone yelled out, "They're resigning." At 10 o'clock, four of the people around Patrick Brown had resigned. After the 11 o'clock news, we were up to five resignations. By one in the morning, it was up to seven resignations. By 1:40 in the morning, he had resigned. It was just a flurry of craziness at that final moment. You do not know. I think we are all a little nervous when you are about to put something to air.

The one thing that gives me confidence is the hard work that everybody has put in, the hours and hours. The public does not realize how much work goes into these stories, so that we are absolutely rock solid. That is what makes us not fake news. That is the difference right there.

SA: A lot of what we are looking at today has to do with public awareness, public education, informing ourselves, so that we have better decisions and opinions to share. Fake news seems to be a pretty easy thing. You simply stand up and say, "No, I did not do it," or "No, I was not there." What we are seeing so often, today, is an outright lie. We are getting so used to it that we tend to move on to the next item.

Define for me 'fake news'.

LL: Fake news is exactly that, the deliberate effort to mislead people. It is misinformation that is designed to discredit a company, a person, to smear a reputation with a snippet of information that is a rumour, largely. It is funny—even Barbara mentioned Donald Trump—as much as he likes to say he coined this, he did not, but he did use the term 'fake' last year in 2017, 400 times. That is unbelievable to me that he is the man that has really put this worm in the brain of everybody, and there are those who just see this as a permission, almost. The term 'fake news' is permission to ignore a story, permission to say, "I do not like what you have got to say, so I am going to label it fake news." It is very dangerous.

SA: He uses language, I was going to say, to his own liking, but he uses language that I do not even think a grade four student would use, words like 'bigly', which I heard him say the other day: "I'm going to change things bigly." I used to be a teacher. But he is huge. Come on, you know what I mean. He is huge.

I am interested in talking to Lisa about how this is affecting all of us. It knocks us off kilter. We do not believe anybody anymore. We do not believe our institutions, and with plenty of evidence in the news to say our institutions might be taking a piece of us, we do not believe people anymore. From what I understand, it is a very damaging thing for democracy. I would like to ask you, how do you think about that as a news anchor, a person in position of holding the trust of the public?

LL: At the outset, I want to say that just a few weeks ago, I looked at a poll, in this country. We are all very quick to just assume the information from the U.S. is our same story, and it is so clearly not, specifically on this. I am proud to say, as a member of Canadian journalism that at the last poll—which was a sizeable poll—85% of Canadians still believe in credible news sources, in mainstream media, if you want, legacy media—call it what you want.

The United States is shocking. For them, 37% believe in the conventional news outlets that have forever been the purveyors of information on any level. To your point, it is true that this destabilizes democracy to have this accusation. It is not just that we do not believe in what the media says; we do not believe our banks; we do not believe schools. It is that we have lost trust in the things that make us a robust democracy, which is why I do not think we should take this as a joke or laugh off fake news. It is a very real trend now that is damaging to that which we hold dear, which is democracy.

As a journalist, it saddens me so much, because I see firsthand every day, day in and day out, what the work of journalists around the world and around this country do every day to make sure that what they are putting in a newspaper or on television newscasts is the truth. It is a very disturbing thing.

I also look at how, globally, dictators are just doing the happy dance that now we can use the term 'fake news', because Donald Trump used it. I hear officials from Myanmar saying about the report that 600,000 Rohingya, who were ethnically cleansed out of Rakhine state in Myanmar and are now living in these squalid camps in Bangladesh, "Oh, that is fake news."

We have journalists who, as you do, and as you know so well, risk their lives to go and show you exactly what is happening on the ground. That is why it is so critically important, and it saddens me also. I do not want to get into this, the shrinking of the media profile, because, now more than ever, this needs to grow, so that we can counter these uninformed accusations of fake news.

SA: We have to wonder how long fake news has been around. How long have people swayed the truth or added a 'fact' that was not true? When you are covering conflict, we know that one of the first casualties of war is usually the truth. It is not necessarily that somebody wants to lie to you. In my experience, they are so afraid you will not believe how bad things are. They up the ante a little, but you have got to be very careful.

There is a quote from Isaac Asimov, the U.S. scientist and writer. He said this long before Trump. He said, "The strain of anti-intellectualism has been a constant thread winding its way through our political and cultural life, nurtured by the false notion that democracy means my ignorance is just as good as your knowledge." Is that what we are dealing with today? I am thinking of the red states.

LL: He has been dead 20 years or something, and he said that. He is probably rolling over in his grave right now at how true that statement is today, and at how even the most uninformed opinion has to be viewed through the same prism as an informed opinion. It is absurd that anything less would be undemocratic. Yet, it is true. I think Twitter has become a platform for that—a lot of social media outlets: "This is what I have to say." People confuse opinion with fact. I think that is such a true statement for—do you know what year he said that?

SA: No. It has got to be the '80s

LL: This is, to a degree, where we have come. Algorithms are dictating what people read and what they watch. You are letting your Facebook feeds—I am going to say I am probably the only person in this room who is actually not on Facebook, intentionally. But it is true that we have sort of handed over our critical thinking gene to these algorithms who said, "You really like those all-bright sites, so that is all we are going to feed you." It is kind of why we are so polarized right now. Everyone is in their bunker, their biased bunker, and it is so negative. It is really unproductive in trying to build any kind of unity or fairness in society right now.

SA: I think one of the issues—now that we are facing fake news—is that we see stories from two different points of view, and we do not know whether to trust either of them. I have an example that Lisa and I were both involved with. A week ago Sunday night, the fantastic television program 60 Minutes did a story on the American military in Afghanistan. That was Sunday night. On Monday night, I was on CTV with Lisa to discuss Afghanistan—I had just returned from Afghanistan where I had done a story on the people of Afghanistan. The 60 Minutes story was absolutely accurate. It was about the fact that American military cannot put their feet on the pavement of the city of Kabul. If they need to go two miles away, their words—I would put that in kilometres for us—they go by helicopter. Two miles. They go by helicopter because they are not safe to be on the streets of Kabul. The whole program was about that lack of safety for the American military, armed to the teeth.

They made no mention of whatsoever of the people of Afghanistan. My story was about the people of Afghanistan. I did mention the fact that the Taliban are boasting that they have taking over 50% of the country. There are five insurgencies. Security is a catastrophe. I talked about the fact that the people of Afghanistan are actually—security to one side—are better off than they have ever been in their lives, as 9.2 million kids are back in school; maternal mortality has decreased by 75%; life expectancy has increased from 47 years to 62 years; and polio is almost eradicated. This is pretty amazing news. That was what my story was about. Their story was about a soldier cannot walk on the streets of the main city in Kabul. What is this, propaganda on their part? Propaganda on my part? How do we, as viewers or readers, determine how to take news like that? Their story would say that is the worst place on the planet. Mine would say, "Look at this; they are moving ahead."

LL: Through the lens of military, I think it is. It feels that way because of the fact that they need an apache to get them from A to B down the streets that we both walk down when you could. Both our news and both reporters—any correspondent who is covering military is trying to get to the truth of whether the military is having an impact or not. You or any journalist covering the humanitarian side is trying to see what is happening in the city market. Is it still safe? They both, actually, have to work together. The military is there so that the public can be in the public market as they would like to see progress that you have described in your piece. Both are news, and, as I say, the goal is for both sets of reporters to find the truth.

I have to come back to the concept of fake news, because I, personally, have very close friends who have done these stories and are suffering deeply, mentally, because of the trauma of what they covered. To me, anybody who suggests that the work they are doing or the work you just did there—anybody who says that is fake news is committing a crime in itself in a sense. To me, it is so upsetting that this stuff can just be dismissed and discredited.

The President of Afghanistan is quite—as you talked to him as well—open about what is working and what is not working in that particular country, but both of those stories have to emerge, and I think we have to trust again. It is about the credible journalist that when they go cover the military, they are looking at the up and the downside; they are not spewing the military brass line, and you are not just carrying the shiny bauble that shows kids are at school. You also show that to get to that school, they are risking their lives—there are acid attacks, random IEDs that blow out a school. Then what happens to the progress? We focus, sadly, on that explosion. That is why I loved what you just recently did, to shine a light on the positive stuff that we do not share as often as we should. I admit that.

SA: Tell me, sitting in your chair every night, what is the biggest change you have seen regarding this kind of reporting, let us say in the last two years?

LL: We always cared about facts and truth and getting it right. We do not always. I think that is an important point, that when the legitimate media outlet gets it wrong, we correct it. You admit it, and you correct it. What worries me is—well, it worries me as a journalist and as a human being, really—this destabilizing of all things that were credible. The hard work people do can, by one simple social media post—what do you call it when Twitter blows up? I cannot even think of the term now, but character assassination happens so fast. It is break-neck speed how something can happen, and boom, we forget. Tomorrow, we may not even remember that last night something happened that changed the face of the largest province in this country and the political campaign that is unfolding. That concerns me greatly: The short attention span of the public.

I am saddened when I see open racism. I have never seen it like this before. I will say that it did not start with Donald Trump. I saw it building. I saw it building in our own election campaign that my Twitter feed was just full of hate and open racism. These are people who confuse free speech with hate speech. Who is there with the checks and balances? Legitimate media outlets, people for whom this is our job that we are trained to do. I think we just have to keep the fight up to keep reminding people that no, this is not just someone comes off the street and starts spreading a rumour and says this is a news story. That worries me enormously. It does. Honestly.

Rosa is here, and she is my absolute right arm every day, all day, and every weekend and always, whether we are traveling on the road or are here, in Toronto. And it is always, always the same question: Do we have this right? We need to do three more phone calls. We have got to make sure we have this right. Every word in that newscast we analyze. I am not kidding you: We go through every single word. We ask, "Is this really conveying what we mean to say here?" It is very serious when anybody tries to dismiss this kind of credibility for any journalist so off the cuff like that. That concerns me.

SA: Let us look at it from the side of the public just briefly. Last question.

LL: Already?

SA: What is the responsibility of the public? What have you done about your comments section, for example?

LL: Wow, that is a great question. We closed our comment section, as did other media outlets, because it became a forum for hate. Even, I will say to you, you were on the show a week ago.

SA: Do not you tell anybody that someone said something bad about me.

LL: Not you, Sally. I will be honest, because it is important people know what is out there. Sally and I do a great segment on the positives unfolding. What do I get? A litany of tweets, which I do not respond to, but I am human; I do read it. It is all about, "Okay whatever, I am glad things are going well; keep them there." It is all anti-immigration stuff. It is just shocking how people—some of them put their name to it—have no problem revealing this dark, ugly side of society and humanity that has always been there, and now it is like free license to say it out loud. We closed our comments section, because it was not productive. For our CTV National News Facebook account, you can still comment, because it is your name, and we can find out what you had for breakfast three days ago on that one. Twitter is a different ballgame. Yes, we have taken action, as have others to try to cut down on adding fuel or being a platform for something we do not support, to give air to.

SA: I think we are about to face a big pushback from audiences all over North America, and I hope all over the world, because somebody is going to have to deal with the fake news, with the really disgusting things that are being passed around on social media.

In fact, the Canadian Journalism Foundation has just announced that there is a news literacy prize of $10,000 to the organization that—I am going to try to quote them properly—encourages practices that underpin factual reporting as key to democracy. It always comes back to the public, and what are the people going to do about this? Now, what are you going to ask us? We have time for a few questions, do we not? Please, go ahead. There is one right there.

Questions & Answers

Q: Thank you for those comments, really insightful and interesting. I am wondering if you could share some insights around perhaps the balance or tension between journalistic integrity and the sensationalism that we are seeing more and more of, I think, that drive audiences or sell papers and that drive balance and/or tension, or however you see it?

LL: We call it 'clickbait', and a catchy headline has always been, forever, as long as there has been newspapers or tabloids or TV news, that one liner. We have this joke in the newsroom that something in your fridge will kill you. Stay for that. It is coming up after the break. Then, it is like mold or something like that. We do have to think about that, but I hope that the viewer and the reader is as discerning. This is, I think, what you mean when you talk about media literacy. The new illiteracy is people who know how to read, do not [read]. It does not preclude you from being the President of the United States. It is a fascinating thing. Again, it is about tearing down the sensationalism, which is also another definition of fake news, and telling it like it is. There are wars over what story is going to get the most clicks on it, and, therefore, the dimes that some advertiser is going to make, because enough people clicked on it. It is the balance. It is the constant balance of finding it.

SA: The sensationalist side of it is so easily available, especially, where I work. Stories like that, you can pick up six a day, but to get to the real story behind all of that, that is the story that stays with the reader or viewer. That is a story that makes change and contributes, I believe, I hope, to democracy. To pick up the sensation—well, people do, and we can pick them up on feeds all over the place.

LL: A good point to that is during the U.S. election, this story, "The Pope endorses Donald Trump," was clearly BS, but it trended on Twitter. It became fact, for a lot of people believed that was fact. I think that part of media literacy is that the public needs to click on the site; do a little bit more homework; find out who owns that site. What is the point of that site? Who is trying to convince you of something and why? There are such simple ways, and it is always about checking the source. Consider the source.

SA: One of the ways, I have to say, is that when the Toronto Star started—I am just losing his name, the reporter who kept track of Donald Trump's lies.

LL: Daniel Dale.

SA: Yes, it was a brilliant idea. It became the news itself, and everybody started talking about what a great idea it was repeating the lies, et cetera, but it is a check and balance that we did not have to use before. I thought that was very smart Mr. Cooke.

LL: Whoever thought the word 'lie'? Like, we never ever accused people of lying on TV. We just never did it.

SA: You would not dare do it.

LL: We never did it. Now, to say that is a lie or that he lied is a fascinating thing. I think it is a great challenge for parents of kids these days and all the students at those two tables: You have got a lot of work to do for your generation to help them know how you check a source and make sure a story is fact.

Q: Just picking up on that point, Lisa, that you just said. A part of it—as a former journalist who, well, you are a journalist for life, really—is when we talk about how

informed we are, it is also about how we inform our society, our future generations, and how much of that should be on us, so that they can recognize the difference between fact and fiction, so that they are not led by social media.

LL: That is a great point, because we are all in this together. Let us face it: We are a society. It is not journalists; it is not teachers; it is parents. It starts at home. It has to. Those are the first influences of a child's mind. I am not a mother, but I have eight nieces and nephews. Believe me, I grill them regularly and always have. It is a part of a conversation that has to start very young, and then it carries through. It cannot be on the shoulders of any bad behaviour. It cannot just be at the top level. Everybody on every level has to watch this, expose it. If you see something, say something. It is that sort of thing. That education really starts right away, I think.

SA: The other thing is to look at the problems that media outlets are having today in getting the paper out or the book printed, or the program made. Maybe it is time we had a look at hardcore media and what they are doing, what problems they are running into, and how we can—I mean, it is possible that a lot of people do not even read the news in a day, so they are so vulnerable to picking up rubbish that is easily available all over the place.

LL: Yes, it is a headline world. That is why, I have to say this, too: Everybody keeps saying the conventional television newscast is dead. Sorry, but we have massive ratings. We have never had better ratings. I look at this, and I ask, "Why is this?" Because all day long, people are inundated with headlines or tweets or bits of information. I guess it speaks volumes for Canadians that they say, "I want to actually know the context; I want to know the actual story." I think it means a) that, more than ever, news is critically important and b) that people do want, in this country, people to be informed. I think that is a headline right there. We are different than our neighbours to the south.

Q: Why do you think Trump seems to be so immune to the things that have felled so many others? They just seem to roll off of him. There are differences between Canada and the States, but you think, in some ways, the States is much more conservative in their values. If you could just sort of give me an opinion on that, I would be interested in hearing it.

LL: That is a very tough one. It is fascinating that a porn star can get $130,000 in hush money from the president, and he is still the president. I do not know how to answer that question.

SA: I believe that is why we are all feeling so off kilter. Time magazine ran a short essay last week by Steven Pinker, the psychologist, to talk about how to manage yourself through these very unsettling times. A dishonest person won the biggest race in the world. A dishonest person continues to hold the chair with one lie after another, and it leaves you thinking, "How can this be? Where do I fit in this? And what is going to come at me next? And which company is going to tell me another lie?" I think that is the bottom line in terms of how unsettled people are.

There was a review, also, on how many people have PTSD simply from listening to the news. I think it is a good point.

There has to be pushback, and I think the pushback is beginning. This forum, for example, and the Canadian Journalism Foundation coming out with a $10,000 prize, in our business—that is a pretty big deal. I think people will creatively come together and decide; they always do, at the darkest hour, decide how they can make change.

LL: Satirists always nail this. Every night, the late-night comedy shows do. They nail it every night, and it is funny. It is funny when it is presented in front of you that way. Yet, it is so not funny, this era of nothing matters and that you can do anything you want, and you can say anything you want, and, depending on your position, in this case, it does not seem to matter.

I agree with you that there will be a pushback. There is a pushback, and it does matter if enough people say, "Yes, actually, this does matter." And democracy always dictates in the end. There will be mid-term elections. We will have an election next year. It always comes down to the voter, thankfully, in the end. We will see how things unfold at that point. It is a really tough question to answer. There are mechanisms in governments, and we will see if they are enacted.

SA: The bottom line, I think, is we are in a very troubled place, and it is all of us. It is not just the President of the United States or the anchors, CTV National News, or any one of you. It is all of us, as Lisa said. We are in this together. Together we are going to get out of it.

LL: This feels really depressing. We are actually a lot better at a dinner party, but it does feel depressing, and yet it is not. It should be encouraging to everybody here that we can make a difference. Every single person makes a difference when they say no, I am not buying that.

Q: My question concerns the influence of nations that want to destroy democracy, such as Russia, and their role in the U.S. election, and apparently the attempted role in the French election, but the French pushed back and said, "We are not going to stoop to that level." What role do journalists play in making sure that Canadian politicians do not ever take the bait to endorse things that would promote outside interests for their benefit and at the expense of their opponent?

LL: I think we all learned a lot about the way the U.S. election coverage unfolded. In this country, I know that Facebook has already been in meetings with the federal government to try to come up with new rules around who you are going to allow to advertise, how you are going to reveal up front who is paying for that infomercial or whatever it is, and there are mechanisms that are being worked on before our next election to prevent against exactly this. I think that it is a shock that it seemed to just sweep the U.S. election and, now, we learned pretty much two days after last November, how influenced they really were and how there was some guy in a basement in Macedonia firing out all this stuff, getting paid for it, and making it seem real. Facebook, Google, you name it, ran it. They ran it with no headline, flashing lights saying, "This is fake news!" People bought it. We have all learned a lot. I think we continue learning on that front to try to expose who is trying to corrupt our democracy from outside our own borders.

SA: I want to add to that, though. It is not our job, as journalists, to convince politicians not to take that route. It is our job, as journalists, to follow them, to report on them, to dig out what is being hidden. I had to do an interview in Afghanistan recently, and, actually, with our very, very charming ambassador. When I was arranging the interview, he said, "Is there anything else you need?" I said, "Yes, I want you to put me in touch with two people who can tell me what you will not tell me." That is our job: To find out. Our job is not to tell politicians how to behave. I am sure you saw the movie The Post and the dogged work people did in order to get at the truth and expose the danger that was going on.

LL: That is the old line, our job is to make people in comfortable positions uncomfortable, exposing the truth.

Q: Hi, Lisa. After all these years in the industry, what still inspires you?

LL: Wow.

SA: I did not hear.

LL: After all these years in this business, what still inspires us? That is such a great question, because I am perpetually inspired. I really am. I am not an easy mark, but I am inspired by people every day, whether they are here, in Toronto, or last night it was Joannie Rochette.

SA: Was that not terrific?

LL: There are so many times Rosa warns me, "You better watch this story before it goes to air because it is really emotional," because there are so many people who are doing inspiring things. I am always inspired. I am never going to let that go because what is the alternative, honestly? It would be a pretty black world if things that people do, little things that are world-changing would never even get noticed. I do believe it. I know I said it before, but it is one person at a time that makes a difference.

SA: Just when you think you have seen it all, nothing could top this story, a little, tiny story blows up and becomes even better than that when, again, it was while I was in Afghanistan, just a few weeks ago. Do you remember? It was 2009. Do you remember that terrible story about the young girls going to school in Kandahar, and a bunch of boys came by on motorbikes, and they threw battery acid in their faces for going to school? It made world headlines. I remember Laura Bush had a lot to say about this, and President Karzai contacted the young girl who had the worst of the acid. Her name is Shamsia. He said he would send her to India for treatment, but he said to her, "I will find the man who did this to you, and I will have him executed." The kid goes off to India; she gets treatment, very, very good treatment. She comes back; she finishes school; and she gets picked up by this extraordinary group called Canadian Women for Women in Afghanistan, and they turn her into a top-notch teacher because they have got modern methods, and they have got a way of enhancing their own knowledge. She becomes a teaching star. What did she say? She said, "President Karzai broke his promise to me. He did not catch that guy.

That guy is still wandering around my neighbourhood." She said, "I gave that man a worse punishment than the President could ever give him. I am teaching the girls." You are forever inspired by a new story.

BJ: On that note, we have a question from our student table.

LL: Ladies and gentlemen, the future.

Q: Hello. In regards to the next generation, my question to you is how do we voice opinions on what we believe is unethical or wrong in the media we hear, besides the use of social media? I find that social media has been such a huge influence and a platform for students, like us, to voice our opinions, whether or not they are cor-

rect or wrong. How do we go about that?

LL: How do we go about voicing our opinions? On social media and…?

Q: In terms of social media, what sort of platforms can we use?

LL: CTV National News. Hello? The point is there are now more ways than ever in history to voice an opinion. The question is do not confuse an opinion—what is that great line? You are entitled to your own opinion, but you are not entitled to your own facts. That is the key to this; it is to call out the errors, the lies. There is some site called "Snoop," I think. What is it called?

Q: Snopes.

LL: Snopes. This is an amazing site that I am just recently learning about where you can, if you read something on social media, call them out. Then, everyone knows that this story has no veracity or where it came from or something like that. Anyway, Snopes.

Note of Appreciation, by Dr. Gordon McIvor, Past President, Empire Club of Canada

I could have listened to you guys all afternoon. That was absolutely wonderful.

By the way, there was such a great documentary, here, with the two of you speaking on this topic.

If you want us to give you the tape, we are glad to do so.

We are very fortunate to have heard from two highly qualified, respected and experienced Canadian journalists, today, on a topic that is now certainly part of our zeitgeist, an unfortunate reality that has not only made life more difficult for journalists, as we heard, but, indeed, as both of our speakers articulated today, for every citizen as well, since we can no longer assume that anything we consume is based on empirical fact.

The emergence of fake news has changed the way we view the world, which has become increasingly complex and difficult to navigate with any certainty. It changes the results of elections.

It causes people to hate each other based on falsehoods, lies and innuendo. It leads many of us into a kind of a permanent, philosophical grey zone where there is little certainty left, or so it can seem at times.

We, at the Empire Club, have been tasked for well over a century now, 114 years, to be exact, to bring these types of issues to Canadians. Of course, it would have been inconceivable to go through this year, of 2018, without an examination of this hugely important societal development.

When we decided to put this topic on our roster this year, it was clear that we had to hear from journalists who are leaders in their field and are looked to by others to set the standards and provide markers along the media consumption pathway, which has become somewhat perilous. For that reason, one of our biggest media stars, Lisa LaFlamme was a pretty easy choice as our preferred speaker on this topic, a professional who has spent decades in the field chasing the veracity of stories around the globe.

What better resource to pair her with than veteran journalist, Sally Armstrong, who has, during her career, had the opportunity not only to pursue the biggest stories of the day, but—what I find really fascinating in having followed your career—to go through a lot of personal examination on what it means to report on a story without becoming involved and having feelings, which is, after all, the very core of our humanity, about the stories being reported on.

One thing is for sure. In a world of lies where we must clear away the debris of falsehoods and find the truth, the profession of journalism just significantly upped the ante. For many men and women, today, journalists have actually become the custodians of the golden fleece of truth.

This new moral imperative puts more pressure on them than ever before, and it also gives rise to practitioners who run the gamut from the good to the bad to the ugly.

How fortunate are we, today, to have had in our midst two of the best, both having demonstrated not only excellent journalistic technique, but, perhaps, even more importantly, moral values that are solid and dependable. For that, we thank them and wish them the very best as they continue to seek the truth in a world where truth can be elusive, confusing and even often painful. For that, Lisa LaFlamme and Sally Armstrong, a heartfelt thank you from all of us at the Empire Club of Canada.

Concluding Remarks, by Barbara Jesson

I want to express a sincere thank you to our sponsors, today. We could not bring programs like this to our audience without their support. We are extremely grateful. FCB Canada and Navigator Limited, thank you so much for making this event possible.

I would also like to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world.

I also want to thank two of our sponsors, National Post, our print media sponsor, and our newest sponsor, Toronto Life, who has a table across the way. Thank you so much. We are looking forward to our partnership with you.

Although our club has been around since 1903, we have moved into the 21st century with social media.

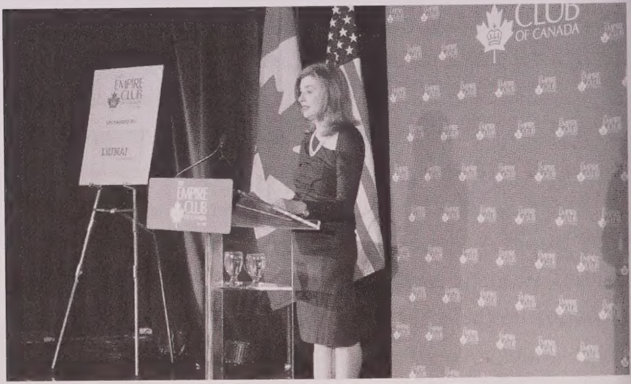
Follow us at @Empire_Club on Twitter and online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and on Instagram.

Finally, please, join us again at our next event on February 15th, an evening event, featuring a panel on NAFTA, with MP Andrew Leslie and Ms. Scotty Greenwood, in conversation with Robert Benzie of the Toronto Star.

Thank you for your attendance, today.

This meeting is now adjourned.

President Barbara Jesson participating in the Empire Club's traditional Red Book singing with Josh Blair, Executive Vice President and COO of Telus, prior to his address to the Empire Club on March 9, 2018.



President Barbara Jesson introducing Ambassador Kelly Craft, US Ambassador to Canada, prior to her speech to the Empire Club on April 4, 2018.

President Barbara Jesson pictured with Past Empire Club President Gordon McIvor and Michael Burns, CEO of Invictus Games Toronto 2017.

THE
EMPIRE
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OF CANADA

Head table guests pictured here with the Honourable Mitzie Hunter, Ontario's Minister of Education, who addressed the Empire Club on November 30, 2017.

THE EMPIRE CLUB OF CANADA

President Paul Fogolin participating in the Empire Club's traditional guest book signing with Deryn Lavell, Head of School, The Bishop Strachan School on September 29, 2016.

THE EMPIRE CLUB OF CANADA

The Honourable Chris Ballard, Minister of the Environment and Climate Change, addressing the Empire Club on March 5, 2018 with a discussion about confronting the challenges and opportunities of climate change.

THE EMPIRE CLUB OF CANADA

Head table guests pictured at a pre-event reception with the Honourable Cameron Friesen, Manitoba's Finance Minister, prior to his speech at the Empire Club on April 12, 2018.

EMPIRE CLUB OF CANADA
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THE EMPIRE CLUB

President Barbara Jesson pictured with panelist David Coletto, CEO and Founding Partner of Abacus Data, who provided insight and analysis at an Ontario Post Election panel event on June 18, 2018.

The Empire Club Presents

NAFTA PANEL FEATURING: THE HONOURABLE ANDREW LESLIE, SCOTTY GREENWOOD & ROBERT BENZIE

WITH: THE GIANT NEXT DOOR: NAVIGATING NAFTA IN 2018

February 15, 2018

HEAD TABLE

Distinguished Guest Speakers:

Mr. Andrew Leslie
Ms. Scotty Greenwood
Mr. Robert Benzie

Guests:

Mr. Tenio Evangelista

RB: I just wanted to start with a general kind of a setting the stage, and say to Scotty and to Andy, how did we get here, to this NAFTA cataclysm that seems to be before us? A few years ago, yes, in 1987 and 1988, it was a big issue in Canada. It was a big issue in the 1988 election that Brian Mulroney won. John Turner tried to win with that great erasing the Canadian border ad that did not help him. Free trade happened, and we have never really looked back. We have had pretty prosperous 30 years. How did we get to this awful place that we are right now?

SG: I am happy to answer that. First, I just want to say thank you for having me. It is good to be with you, Andy. I just want you to know that my policy at the Canadian American Business Council is if one of my members asks me to do something, the answer is always yes. Megan Boyle asked me to do this. We have some new members here and, also, a couple of board members, Steve De Eyre and Gary Clement. Thank you for having me.

The other thing I will say is I woke up this morning in Washington, D.C., and realized I had to speak at the Canadian Embassy this morning. Forgot about that. Anyway, did that, perfect; made the flight, all good, but the thing that dawned on me this morning as I was thinking about tonight is everybody is talking about NAFTA, and they are thinking, "It is a 23-year-old agreement. It is old. It is in need of modernization."

I think only in NAFTA do people think that 23 is old. I am now thinking that maybe it would be better to start worrying about it when it is 50, and just let it go for a while longer.

But you asked How did we get here? And, Barbara, you alluded to this and you did too, this notion that in Canada, an election was won or was fought, and Brian Mulroney ultimately won on the question of free trade with the United States. Prime Minister Mulroney did a very good job in the Senate Foreign Relations Committee in Washington just last week, recounting that tale. How did we get here? We have not had that political debate in the United States, actually. We are starting to have it now. I think it is one of those things where, in the United States, nobody paid attention to NAFTA at all. It was sort of a political debate in Washington. President Clinton and Speaker Gingrich, at the time, kind of worked it through. Then, after that, it just went into being and nobody talked about it. Everything was sort of fine. Washington—no fire, no fire trucks. It just has not been well understood.

In Canada, it is remarkable, to me, that it is a solved political question. The Canadian American Business Council hosted your federal opposition leader, Andrew Scheer, who was there in Washington. He came to say, "I am not here to criticize the government on its NAFTA outreach. Quite the contrary, I am here to support it." It is amazing that it is solved here.

In the United States, we are just starting to have the conversation. We will see how it goes. It is pretty controversial. Every time Canadians get excited about the Maple charm offensive, as we call it, Andy, with a bunch of cabinet members and premiers and mayors and business leaders coming to say, “Is this not great? It is in your interest, Americans to do business with us,” that is all true. However, there are still 60 million people that voted for Donald Trump, who, with all his being, wants to tear this thing up. He is not consistent about very many things at all, but he has been saying this. He took out an ad, a full-page ad in the New York Times 30 years ago, saying that it is a bad deal.

It is a constant struggle with the president and his base versus reason, rationale, and the economy on the other side. We are here to save NAFTA, at the Canadian American Business Council. We are working hard on it. I know you are, too, Andy.

AL: Thank you. Thanks to the organizers. I am here because Scotty told me to come.

SG: Not true. I did not even know you were going to be here, because I did not read my emails until tonight.

AL: You ruined my story. That is the same sort of dialogue we had in Montréal at the last series of NAFTA talks.

SG: And in Prince Edward Island before that.

AL: True. Scotty brings up probably the most telling point perhaps of the evening that for us, Canadians, it is a transformational experience. I am not saying our future is on the line with trade because I will talk about that in a second, but it has been of such intensity, a unifying, if you would, forcing function for us at the provincial, federal, municipal, local, levels and for business, mayors, and business owners, not only here in Canada, but down in the United States—all focused uniquely on NAFTA in a nonpartisan fashion. We have gotten much better, faster, smarter at what it is we do with our American friends, how much we trade.

For example, did you know that we invested more in the United States in 2016 than they invested in us? Did you know there is close to a half a million people that cross that border every day, and 35 of the principal states in the United States have as their largest single trading partner…?

SG: You all need a few more drinks!

AL: Our American friends and their friends—and that will never change—are going to continue being our largest trading partner no matter what happens. They need stuff that we have; we need stuff that they have. Together, our economies, with Mexico, have produced trillions in wealth, but as Prime Minister Trudeau has said, he has a concern for the middle class and those working hard to join it, and let us not leave people behind, as has happened in the past, for example, with women and Indigenous communities. Like that, President Trump, I would argue, is aware of those who have suffered perhaps not in sharing the wealth and capabilities and growth of NAFTA; they are perhaps angry. They are bitter. What we all have to do is work harder to make sure that we ameliorate those conditions for the next round of discussions. I am an optimist. I am going to get it out right in front. I am an optimist. NAFTA is worth saving.

NAFTA is worth working really hard to protect. Of course, there are things that have to change, but I am seeing some encouraging signs south of the border. Do not forget, I am an optimist.

SG: Can I just add one more thing to that? Gary, I cannot remember if you were with us in Montréal when the Canadian American Business Council, no, yes, no, hosted Prime Minister Chrétien and President Clinton for a conversation about how it is going. Actually, it was part of our promotion of our book. I will just get a plug in now. It is at Indigo, if you want it, With Faith and Goodwill: 150 Years of Canada-U.S. Friendship. It has prime ministers and presidents through the years.

Appropriate to the Empire Club, the title comes from a Winston Churchill quote about Canada and the United States. We did this president–prime minister series last year, and they all talked about NAFTA because they all have opinions on it, so Carter and Clark, Bush and Harper, Clinton and Chrétien.

What Bill Clinton said about this is after we fought so hard in the Congress to pass the thing, we then did nothing at all about the definite dislocation that was going to happen in certain key areas. We did not do anything about that. We kind of knew it was coming, particularly, with cheap labour and all of that in Mexico. You could sort of see the whole textiles industry was going to leave North Carolina. It started to happen. The policymakers kind of let it happen and did not deal with it. What I think about now, in this context, is you think about our energy and electricity trade, and you think about a president who campaigned on revitalizing coal country and bringing those jobs back and all that, and, here, in Canada, you have an abundance of clean, green, renewable hydro that is coming into the U.S. As we move forward with a modernized NAFTA, those coal jobs—what do we do with people who are dislocated, and, hopefully, they are not dislocated. Hopefully, we do have a modernized NAFTA, and what do you do about that? How do we address that? I agree it is completely worth upgrading. It is definitely worth saving. It should not be torn up, but we need to think about real people with real jobs in the economy, the same kind of people—Prime Minister Trudeau pointed this out in Davos: The same kind of working-class people that voted him in, in Canada—he had a bigger coalition with younger people—also voted for Trump. It is interesting. Those are also the Bernie Sanders voters. Go figure.

RB: Do you think, then that policymakers in the United States, politicians in the United States did a poorer job than their Canadian counterparts? This used to be a divisible political issue in Canada. It is not as much as it used to be. It used to be a partisan issue. Liberals were anti–free trade; Progressive Conservatives, as they then were, were pro–free trade. Now, you have this flipped on its back thing in the United States where the Republicans, or some Republicans, Trump Republicans, are against NAFTA, and, yet, it was Ronald Reagan that was a NAFTA—

SG: Here we go. Everybody was against NAFTA. Every single politician of every party was against NAFTA up until President Trump threatened to tear it up; then, all of a sudden, people started focusing on it, thanks a lot to what Canada has done in terms of educating people, but also activating allies in the U.S. because, after all, the U.S. politicians that are now 37 United States senators, have written to the president to say, “Do not tear it up. Modernize it.” That is because of Farmers for Free Trade and others.

AL: Republican Senators.

SG: Yes, Republican Senators. There are some Democrats, too, that are for it. That is because of their self-interest. That never would have happened had it not been completely threatened. If there is a silver lining, that is part of it.

RB: You mean the awareness.

SG: The awareness of you never appreciate something until it is gone. It is fixing to be gone, according to the president.

AL: In my many voyages down there, Scotty’s point about it not being front of mind for the average CEO, unless he has got massive business interest from Canadian or Canadian investment—

SG: Or she.

AL: —or she, well said, is very apt.

SG: People kind.

AL: That sounds like a bad joke.

SG: It was, both times.

AL: Moving on beyond that, as mentioned, for us, it has been vital. It has acted as this unifying force that has gotten us all talking off the same sheet of music, more or less. Down in the United States, the interests still remain relatively parochial and, of course, local. Now, that, as Scotty mentioned, it is actually being threatened and is getting closer and closer to the crunch time in terms of perhaps resulting in an up and down vote on the hill, the politicians are actively engaged now. That is where we are seeing a whole bunch of energy, pressure if you would, to deal with some of the contentious issues that still remain outstanding after what had been actually six rounds, which have resulted in some pretty good changes, modifications, suggestions, to make NAFTA better.

RB: Do you think that anyone has thought about or thought enough about what prices would look like, what the job situation would look like if there was no NAFTA?

SG: There is a lot of scenario-building. I am a consultant. We build scenarios, and people pay us a ridiculous amount of money to try to imagine the future. These are the scenarios: Let us say the president officially notifies Canada and Mexico that the United States is withdrawing. What happens? That starts a six-month clock, after which, the U.S. could withdraw, but might not withdraw. That is kind of the zombie-NAFTA scenario, as some people call it. If the U.S. withdraws from

NAFTA, would we snap back to the Canada-U.S. Free Trade Agreement? That it is a scenario. Ambassador Lighthizer said just the other day, “Maybe we negotiate a bilateral deal with Mexico first, and then we get to Canada when we get to Canada.” There are a lot of scenarios out there. People are looking at tariff levels. They are looking at what happens to their supply chain.

From a Canadian point of view, one of the unfortunate things that is occurring is, given the uncertainty of whether there will be duty-free access into the United States if you locate outside the United States, the question arises Will there be buy-American preferences? Will there be problems with inputs like steel and aluminum? There are business leaders around the world that are saying, “If I have to make a decision now, I am just going to invest in the United States.” Does the president then say, “See, I am a genius; my plan worked”? The danger, of course, I hasten to add with that, and why the President should not claim credit for that, is you can quickly get into a more expensive supply chain and a retaliatory situation where all of a sudden we are in a B.C.-Alberta situation.

AL: To answer the question Are there scenarios which the Government of Canada has been working on should unfortunate things happen with NAFTA? I would say yes. How many are there? About six. Am I going to explain in exquisite detail what they are to you now? No. Why? Because that is not information to which the public should be privy, if you would; it is not for public consumption at this time. It would be irresponsible of us not to do these studies. Just like there are consultants working on it in other parts of the world, we, in terms of the ministries that are involved, which is just about all of them, have got a variety of scenarios mapped out, so that if this happens, we will respond thusly.

Let me give you a little example, though, of this tariff issue that has come up recently. Let us take something in which the numbers are relatively public. Softwood lumber is strictly outside of NAFTA. There have already been four rounds of countervailing and anti-dumping duties imposed. Those cumulative totals are around 20%. The United States said, "Hey, we are going to put a 20%, essentially, tariff on softwood lumber going across the border."

SG: Because you are cheating. Just kidding.

AL: Whatever the allegation. These same allegations have been made four times in the past; we have taken the United States to the World Trade Organization. We have won every one of the four times. We are going to win again. No, she did not say anything. We are good.

SG: No, it is probably true. The U.S. will ignore that, unfortunately.

AL: Here is a really neat result, which was predicted, by the way, by a bunch of folk in our Department of Commerce, and people down in the States and elsewhere. The United States has a vast desire for wood. They are high consumers. They have to have 30% of their stocks of wood provided by Canada because it is most cost-effective because of the low transportation costs. Bottom line is that we provide 30% of their wood. Of course, that means that the demand is finite. When you put tariffs on, you force the smaller players out, unfortunately. Thankfully, very few jobs have been lost in Canada, as a result, and much more so in the United States. Here is the bottom line. All the corporations who were involved in producing the wood—20% tariff—what do they do to the prices? They increase them by? Well, it is 30% now, so someone is well up to speed, but within a month or two after, it is exactly 21%. Now, it is at 31% for a board foot of lumber. Who is paying for this tariff? The American taxpayer. Oops, is that what you had in mind? This is a pretty good example of what can happen.

SG: It is a really good example. There is actually no daylight between us on this issue. I just want to tell one little story about lumber to further illustrate Andy's point. My youngest kid plays baseball. You know how you make friends with the other parents of the other kids because you are there forever? Baseball does not have an ending time. One of the dads works for FEMA, the Federal Emergency Management Agency. After the storms—we had some really horrific storms, Hurricane Irma and all that—there was a lot of rebuilding that had to occur. This guy is just deep in it, in FEMA, and he is up to his ears in the rebuild in Puerto Rico. On one of these long games, he was on his phone from work. I was still working, watching our kids. He says, "Oh, yeah, Canada." I know that Canadians are focused on the softwood lumber trade dispute. That is a thing people know about, but in the United States, no real people really know that. He just knows something about me as faintly Maple. He said, "Canada, you do Canada stuff, right?"

"Yeah."

"We need a whole bunch of plywood and a whole bunch of wood for the rebuild. Do you know people? Do you know the Irvings, or do you know...?"

I was, like, "Yes. Small problem. The U.S. government is going to punish you for trying to source that wood." It is counterproductive for us to do this. It is equally counterproductive, I might add, for Canada to have the high tariffs it has on e-commerce. There is a penalty. If you want to buy something online in Canada, for anything over $20, you have to pay a penalty to the Government of Canada for the privilege of buying it, and the government loses money while it charges you that penalty. It is a big disincentive to buy online, which is no big deal if you have got the thing in your local store. You can just get it there. You would probably prefer that. It is no big deal if you can drive across the border because the limit is higher, but if you do not live near the border and you need to get that thing, why are you being penalized with a tariff by the Government of Canada? You do not have to answer that, but I am just saying they go two ways. You can if you want.

RB: It is a trade war.

SG: Drop the gloves; let us go.

AL: Scotty and I are friends, but nothing more than that. But think of us being married for 24 years, American, Canadian. We have had a great relationship. It was a lot of fun in the beginning, and it is still a lot of fun now, but there are some modifications.

SG: You got me nothing on Valentine's Day. We were not even in the same city.

AL: I am losing this fight, am I not? There is some tweaking that is required. There are some changes made, maybe a tiny bit of counselling. We have got to go on a cruise together. We have got to go and do some sports. There are some friction points which arise, which we have got to sit down and discuss as adults. The good news is we have a mature relationship. In our case, it has actually been going on for couple of 100 years. We have literally bled together in wars. We have grown alongside each other. In my case, 30% of my family are American, and that is replicated in many other families across Canada and in the United States. NAFTA has served our two nations, our three nations, extraordinarily well. President Trump is a businessman. He understands the bottom line. The prime minister of Canada is really focused on the middle class and trying to make sure he protects Canadian jobs. The exact same is true of the Mexican president. NAFTA has, and is, worthy of work. No doubt about it. There are some friction points, as I have already mentioned several times, but I am confident we can solve them.

SG: Let me just recap. Lumber is toothpaste cap, and ecommerce is the toilet seat, just to recap.

RB: What about the unattended consequences for the average American who lives in Michigan and goes to buy a Ford Focus that suddenly costs him $68,000 because the tariffs on the car that goes back and forth the border four or fives times as it is being made?

SG: Such a good question. The answer to that really speaks to should we go bilateral versus trilateral? The Mexicans coming into the Montréal round were really worried that Canada would just say to heck with Mexico because we know how President Trump feels about Mexico. In his very first campaign launch, he said that Mexicans were murderers and rapists—not all of them. He is highly offensive. You think you are offended by Donald Trump; you have got nothing on the Mexicans. They are really ticked off about him. The thing is, the Mexicans were worried that the Canadians would say, "Let us just cut Mexico loose." Canada said it would not. The business community, for which I work, says we have got to stay trilateral, but, to your point about autos and that Michigan person trying to buy a Ford Focus: If you did not have inputs from Mexico in the way that you did, you would make North American automobiles way less competitive, way less cost effective than imports from other places. The way we work it now is really important. The other thing I would just say about autos is what is bizarre about the U.S. position on autos is that there is this debate about the amount of content that has to be North American and American for the new NAFTA. The U.S. comes up with this proposal. It is currently 65%.

The U.S. says it has got to be 82%, something like that, and half of that has got to come from the United States. This has been a major point of contention in this NAFTA talks. What is bizarre about this is, typically, when the U.S. trade representative makes a proposal, it is something that has come from industry, particularly, on something as technical and specific as that. It is because the industry has figured it out and has been working forever and sort of really pushes government and says, "Here, do this." Then, USTR goes—in this case, USTR came up with it.

The auto industry was, like, "Where did you get this?" In Montréal, there was a conversation with some members of Congress—I do not know if you were in the room for this part of it—who have heard from the auto industry and from us and others.

AL: By the way, this was the Ways and Means Committee, the subcommittee on international trade who are decision-makers on the future of NAFTA as well. Sorry.

SG: Very nice addition. The members of Congress say to the USTR, "Help us understand the policy rationale for the rules of origin proposal that has become so contentious," to which the career negotiators at USTR kind of look over to the political folks and go, "Yeah, help us understand that." It is Alice in Wonderland time with this particular issue.

AL: These friction points arise. We have had some interesting ideas, innovative ideas that we have offered as alternatives to that which has been put on the table. I am also told by professional negotiators and, as an aside, the three negotiating teams, as Scotty's alluded to, the Canadian, Mexican, American, that, in terms of professionals, they get on very, very well, and they have been doing this for many previous trade agreements. There are good, technical exchanges that happen all the time. Most of the actual agreement arises the closer you get to the finish line. It is like a jigsaw puzzle. There are a whole bunch of lower level things that have been agreed on, but the really big ones that are sticking, those probably will not come due, if you would, until round seven, and who knows, round eight. Did they actually announce round eight yet?

SG: We think Washington, yes.

RB: Bring your Art of the Deal for that, autographed copies. I am getting, not the hook, but we would like to open it up to questions, if anyone has.

Q: Without revealing my age, I do remember Free Trade before NAFTA, or FT, as they called it. If I am not mistaken, I think Free Trade had happened for a few years, and that was sort of unravelling. Then, NAFTA trumped it, but it was never really dismantled, Free Trade. If NAFTA was ripped up, would we not revert back to Free Trade?

SG: Maybe. Possible. That is a scenario that could happen. It depends on the Congress. One big difference that is important to understand is, in our system, from your parliamentary system, is we really do have the separate branches of government that are independent and equally powerful. The president gets to negotiate a Free Trade Agreement or withdraw from one, but there are implementing statutes along the way, whether it is the customs statutes, whether it is food and ag, whether it is tax codes. Congress has a gigantic role to play. A lot of members of Congress have said that they would not only resist withdrawing from NAFTA, but they would have something to say about, if we did withdraw—do you snap back to Canada, U.S. or something else?

RB: Scotty, to that point, to use a Canadian analogy, should proponents of the current NAFTA or the status quo rag the puck until the 2018 mid-terms and then see what happens with the new Congress, or is that possible?

SG: It appears to me that that seems to be the Canadian game plan today.

AL: No. No.

RB: Now, they are dropping the gloves.

SG: No, no, no. We do not have to disagree, but Steve Verheul, your chief trade negotiator, said yesterday that this is going to take a lot longer. He is not wrong. Trade agreements usually take years. They are highly technical—28 working groups. This is really complicated, detailed stuff. It would be better for it to be negotiated forever and ever and ever and not be torn up. Our view is let us have the status quo, because NAFTA is not perfect, but it is much better than the uncertainty that you would have if you withdrew.

AL: Almost everything you said, I agree with—almost. The intent is not to rag the puck. It is the Americans, of course, who have asked for the NAFTA renegotiations. We are looking at two things. We are looking at the elections of the Mexican president coming up in the summer. There is a variety of potentialities there, which certainly are worthy of talk later on. There is also investment uncertainty. There is a lot of cash out there that has accrued to a variety of investors over the years. It is looking for a home. We would like to see that invested not only in Canada, but in the United States and Mexico.

Because of the uncertainty of a NAFTA, if you would, of the future, the really big corporate investors are holding off. Where are all those new factories that should be opening, or at least the announcements? Where is that vast amount of currency, which we know is out there and is going to be repatriated under some scenarios to either the United States or Canada or both? It is missing in action right now. That is a lot of wealth. That is a lot of jobs that creates.

SG: Yes, you can go. I will just say, the relationship will continue. Canada, U.S.—ministers will still talk to each other. People will still be grumpy. They will fight about different things. It would be an unmitigated disaster to withdraw from NAFTA. It is a terrible idea, really bad for the economy. I would hate to see what happens to the markets, but the relationship does not end. We are still married.

AL: Scotty, I did not know.

Q: Hey guys, I am with General Electric, and we also do scenarios. They do not pay me as much as you, Scotty, but we also do scenarios. There is a lot of talk of tariffs, but we started running our numbers, and subsequent WTO rounds since NAFTA have actually lowered tariffs on a lot of stuff. It is not as big a thing as the media sort of makes it out to be. One thing that is going to be a big thing is the thickening border. There has been a generation of public servants since we basically had to man the border at that level. Andrew, you are in government, you get the tough questions. Can we get that manpower to the border in

order to manage that effectively and make sure there is not three-mile-long convoys of trucks waiting to cross?

AL: We will get the womanpower there as well. I had the privilege to be at the White House for the first meeting of the prime minister and the president and as a matter—am I allowed to tell?

RB: It is off the record; it is okay.

SG: That is okay; Jared Kushner does not have security clearance either.

RB: Ouch.

AL: Moving on.

SG: True.

AL: The president and the prime minister had a good 15- to 20-minute complex dialogue, about many really entangled issues about the border and how they were going to ease administrative backlogs, how they were going to expedite the flow of goods, services and people across both ways. As a matter of fact, they both turned to their respective officers and, in your case, the Secretary of Homeland Security, who was John Kelly, and ours was and remains Ralph Goodale. They directed them both together to minimize the administrative overhead to actually get it done.

Enormous levels of progress have been made, but there are still and there are emerging sticking points because, very often, loyal workers at subordinate levels will see the tone and character of whatever their big chief is saying, and may take it upon themselves to inspect an additional carload of calves that is moving from the south to the north or a trainload of cars that is moving from north to south to have the wiring harness put on. These are not official policy statements, and when such occur, they should be reported to both the American and Canadian authorities, so we can mitigate against it.

People are very, very keen and focused in making sure this border remains and actually improves in terms of efficiency, but there is also a good talk about extending the perimeter outside, the exterior perimeter and how many more resources are required to do that to make sure that we could defend each other in a comprehensive fashion against emerging threats, which in part explains the 70% increase announced by the prime minister's government a couple of months ago—additions to defence and border.

SG: The border is a question of resources. I agree with the staffing observation that you make. I have been saying this since before Amazon joined the Board of the Canadian Business Council, so I feel free to say it again now that they are right in front of you sitting in the damn front row, but I think there is sort of a basic deal to be done between citizens and government about the way we want to run the border because, to the extent that you want a more efficient border, we are pretty good on goods, actually. But, for people, we have a lot of work to do; you give up information about yourself. You do a retina scan; you have a security check, and it makes it easier. It was quite easy for me to come into Canada today. I did not have to talk to a person. I had to look at the Nexus machine and all of that, but you have to make a decision about whether you are willing to do that because it should be more like buying something on Amazon, which is so easy. Amazon suggests things to you. If border agents could sort of just know a lot about the people and everything coming and going, there would be more availability to look at the riskier stuff because those are not Amazon Prime numbers; those are newcomers. That is a debate. Canada has to continue to have that debate, as we jointly manage our border. How comfortable is Canada sharing intelligence and sharing information in return for ease of going back and forth across? That is an important conversation.

Q: Hi. You teed me up perfectly for my question, which is all about tech in the new digital era. I work for an organization called the Council of Canadian Innovators. We work with high-growth scaling technology firms from across Canada. We spent a lot of time talking tonight about traditional industries, so lumber, automotive, and there is a whole chapter in the NAFTA agreement that is dedicated to the digital side. Scotty, you made a comment earlier tonight about the idea that if the negotiation continues on and on and on, that that is good, generally, for industry.

SG: Better than tearing it up.

Q: Okay, fine. Sure, in contrast to, but, in that whole context, we are also sitting at a very digital age, so that data chapter talks about data localization, which a lot of Canadian companies are very concerned about, intellectual property. I would just be curious to know your comments on that side of it as we move into sort of a new world of the 21st century economy, which is coming upon us much faster than old, traditional industries.

SG: I agree with you one gazillion percent. We need rules of the road for digital commerce and for data flows, cross-border data flows for localization. We need that. The Trans Pacific Partnership, had the United States not pulled back, would have been a step in modernizing NAFTA. You are right. I think we need to modernize it. Digital is one of the reasons. My only point is I would rather keep it the same and figure out rules of the road for data and everything else separately, if we have to, as opposed to tearing it up. You are right. We have got to—the world has changed a lot in 20 years. It is quite important to know the rules of engagement because everything is global, and, certainly, digital does not respect borders nor should it.

AL: In my opinion, if we were to stop the NAFTA talks right now and declare success, that would be a huge benchmark, if you would, in terms of progress because of all the good work that the negotiators and the industry associations who provided the input have produced over the last six rounds. There do remain, though, some very contentious issues on the table. As we get closer and closer to round seven and perhaps round eight, I think, hopefully, there will be much more dialogue in the United States about the benefits, pros and cons, whatever might be the case of NAFTA. And, Americans will be listening perhaps more closely to their Canadian colleagues in similar businesses to understand their perspective and allow them to better appreciate the impact.

SG: If I could just make one quick point. There were a lot of ideas, Canada-U.S. ideas, that were brewing and percolating and moving along that were not part of NAFTA, before NAFTA renegotiation came into being. When it looked like we were going to have a good-faith negotiation, people started pouring their ideas into the consultations and doing their submissions because they thought, "Now, there is going to be a table set; there will be negotiators; let us incorporate all of this into a modernized NAFTA."

Then, what government started to do is say, "We were about to fix this, but we are going to put it in our pocket, because we will trade it later." I do not know what will get solved through NAFTA. Some people said lumber should be part of the NAFTA because then it is not going to expire every five years and put us on the spring. Some people thought dairy supply management. There are all sorts of issues that people thought maybe NAFTA could fix in a modernized NAFTA, and some of them were too toxic for that. I do not know. We have to make progress on digital with or without the NAFTA. I would rather it be through NAFTA because NAFTA could be the new modern trading agreement of the future. Not to quote your prime minister, but he said something the other day in California, like, "If NAFTA is not right, I do not know what is."

AL: If NAFTA is not right, then what does right look like?

SG: Right. We are both quoting him wrong, but yes.

RB: People kind.

SG: I would say from an American point of view, if we cannot get it right with Canada, who can we get it right with?

RB: Thank you. Thank you, Scotty. Thank you, Andy. Barbara.

BJ: Scotty, I am so glad you managed to get across the border today. Personally, I am so tired of hearing, "Please, look into the mirror; step back; step forward; please, look in the mirror." It seems there is a metaphor there somewhere.

SG: You are never going to let me in now?

BJ: In any case, thank you so much. I would like to invite Tenio Evangelista, the Vice President, Government Relations at OMERS Private Markets to thank our panelists.

AL: Can I have one word?

TE: Absolutely.

AL: Thank you.

SG: The first affirmative rebuttal for you high school debaters. You are welcome.

AL: Scotty brought up that Canada recently assigned a bunch of historic trade deals that link us to essentially $1 billion additional new customers with just about $7 or $8 trillion in gross domestic product. We are at a nexus of international trading links. There is still to be actualization and approval by the variety of players, but we are very, very close. Together, we believe this will make our economies grow even richer, even more prosperous, but it is really important we do not leave the folk who were left behind last time. Let us not leave them behind this time because that gives rise, if you would, to the spirit which can be unpleasant and that, in part, gets back to the first question that was asked of the panel, What gave rise to these conditions? Let us all prosper together. That is what we are really focused on. Deep down, I believe all three nations are thinking much the same way. On that note.

SG: Can we come back and have an actual debate? That would be fun. This is way too polite. I would rather, you know. Sorry, Tenio, over to you.

Note of Appreciation, by Tenio Evangelista, Vice President, Government Relations, OMERS Private Markets

Thanks, Barbara. On behalf of the Empire Club, on behalf of everyone here, I just want to thank the panel. Rob, great job moderating. Scotty and Andy, fantastic insight into sort of the machinations going on behind the scenes. I do not think we could have two better people here to sort of give us a window into the negotiations. I am hoping maybe the next time you join us, this thing will be resolved, but I am not so sure.

Thanks for taking the time. We really appreciate it, and to the Empire Club, it was a great format, and I am all for doing a lot more of these. Thanks very much.

Concluding Remarks, by Barbara Jesson

The Empire Club has a handful of staff, but mainly it is run by volunteers, and we work very hard to bring these issues to the public forum, but we could not do it without our sponsors. We are very, profoundly grateful for our sponsors tonight: OMERS and Labatt and TD Bank. Thank you so much for your help in making this evening possible.

I would also like to thank mediaevents.ca, Canada's online event space for live webcasting today's event to thousands of viewers around the world.

Although we are a venerable institution, we are alive and well on social media. Please, follow us at Twitter at @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and on Instagram.

Thank you so much for joining us this evening.

The Empire Club Presents

THE HONORABLE
KATHLEEN WYNNE,
PREMIER OF ONTARIO

WITH: A PLAN FOR FAIRNESS AND OPPORTUNITY IN ONTARIO

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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February 26, 2018

Good afternoon, ladies and gentlemen. From the Westin Harbour Castle in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting.

Before our distinguished speaker is introduced, it gives me great pleasure to introduce our Head Table Guests. I would ask each Guest to rise for a brief moment and be seated as your name is called. I would ask the audience to refrain from applauding until the Head Table Guests have all been introduced.

HEAD TABLE

Distinguished Guest Speaker:

The Honourable Kathleen Wynne, Premier of Ontario

Guests:

Mr. Noble Chummar, Partner, Cassels Brock and Blackwell LLP; Past President, Empire Club of Canada

Mr. Jean François Dionne, Bachelor of Commerce Student, Global Management, Ted Rogers School of Management; President, Ryerson Commerce and Government Association

Mr. Kent Emerson, Associate Vice President, Municipal and Stakeholder Relations, Municipal Property Assessment Corporation (MPAC); First Vice President, Empire Club of Canada

Mr. Paul Fogolin, Past President, Empire Club of Canada

Ms. Vanessa Foran, President and Chief Executive Officer, Asthma Canada

Mr. Michael Rencheck, President and Chief Executive Officer, Bruce Power

Ms. Jane Rounthwaite, President and Managing Partner, The Osborne Group

Ms. Sue VanderBent, Chief Executive Officer, Home Care Ontario; Director, Empire Club of Canada

My name is Barbara Jesson. I am the President of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

Choosing a life in public office cannot be easy. In these days of 24/7 expectations and full-on erosion of personal privacy, it is hard to imagine anyone choosing a political career. Yet, our guest today, Ontario's 25th premier, has not only embraced a life in public service, she has put up her hand for a second term.

From her first political excursion as a teenager when she joined her friends in challenging a rule that prevented women from wearing pants to school, Kathleen Wynne has sought out leadership. If there was one theme that is to characterize her life in public office, it would have to be fairness. Life does not offer up a level playing field, but that does not mean we should not try to mold the landscape, so that everyone shares in the opportunities and the bounty of our country.

Fair is difficult. It means compromising, negotiating and getting inside another's perspective; it means finding and sharing empathy. For Premier Wynne, the one sure path to access and opportunity has been public education. She began her career as an activist on those issues.

She first ran for office when her three children were still in school, driven by her passion for publicly funded education and her desire to give every child in Ontario the best possible start. Before becoming an MPP, she served as a trustee on the Toronto District School Board. She also led citizens' groups for a number of grassroots community projects and played a major role as an organizer, facilitator and mediator.

She has championed fairness for Ontario's First Nations peoples, for our new immigrant groups, and she has consistently advocated for Ontario's LBGTQ community.

Since taking office in 2013, Premier Wynne secured an historic national deal to improve retirement security by enhancing the Canada Pension Plan, and, more recently, she has taken a bold stand on minimum wage.

Premier Wynne's plan for building Ontario up focuses on creating new opportunities for people and businesses, and ensuring a fairer, more secure future for everyone in the province. Under her leadership, as Ontario regained its place as an economic engine of Canada, the Premier has worked to ensure the benefits of growth are shared evenly. Her government is making tuition free for hundreds of thousands of students and created 100,000 new childcare opportunities for working families.

Early this year, Premier Wynne introduced a major change in OHIP to provide free prescription medication for young people in the province, from birth until they turn 25. These are all measures we can applaud.

At a time of global change and uncertainty, Premier Wynne is unwavering in her support for a fair and open society. She has not chosen an easy path. It has, at times, been controversial. We cannot always agree on everything. The one thing we can all agree on is that Kathleen Wynne has put fairness above politics.

Ladies and gentlemen, please, join me in welcoming this champion of ordinary people to the Empire Club podium, Premier Wynne.

The Honourable Kathleen Wynne, Premier of Ontario

Thank you, Barbara. Thank you very much. It was very kind. Thank you very, very much. It is always daunting when people stand up before you speak. It can only go downhill. Thank you, Barbara. Good afternoon, everyone. Bonjour, bonjour. It is great to be back at the Empire Club. Thank you very, very much to all of the board members who continue to create this forum. Thank you for doing that. It is a very important one.

I want to begin by just taking a moment to recognize that we are gathered on the traditional territory of many Indigenous people, and they date back countless generations. They were the first to live on this land, and they continue to help shape Ontario today. I want to show my respect to all of them. Thank you. I want to say to all of you, I had a moment to walk around and talk to some of you. I just want to thank you for all that you do. There are people here, all of you who are playing such an important role in your communities—you are volunteers; you are business people; you are moms and uncles and dads and aunties, and you are strengthening communities. Some of you are elected representatives. Thank you so much for what you do.

I am going to talk about what government is doing and how I see the role of government today, but we cannot do anything without the support from people on the frontline, so, thank you, and it is a pleasure to be here with all of you. Merci. Thank you.

The last time I was here, at the Empire Club, I remember that we had a lot to talk about. The 2015 federal election was just a few days away. Neighbours and faith communities were banding together to sponsor thousands of Syrian refugees, and I know many of you in this room were part of that movement. The Jays had just ended their post-session drought and were about to give us some pretty exciting October baseball. It was a buzz. The atmosphere here, in Toronto, and right across the country, was pretty electric. You could feel the energy.

I took the opportunity, at that time, to talk about the importance of leadership and how critical it is for government to see the big picture, to identify the challenges that people are facing, and to fight for them by putting forward big ideas that will make a real difference in their lives. I am going to repeat something that I said then. That is that government should not be timid. It must be bold. We should not shy away from challenges. We must confront them because, if governments do not confront the challenges, if governments do not look to the future, then how can we expect anyone else to do that? Governments are elected to take that view.

[Remarks in French] Cette approche prend du temps et demande effort et détermination. Ce ne pas facile mais ce le celle moyen de réalise de real progrès.

Today, I want to talk about the big challenges that we are facing as a society and what we can do to ensure that in these very changeable times, that people can still get ahead. I know that there are people who are unhappy. I am going to talk in a minute about how well the economy is doing and the position that we are in, but there are people who are really feeling unhappy and uncertain about what the future holds. I believe that government has a vital role to play here, a vital role in creating more fairness and opportunity in our society. I have always believed that.

I formed a pretty strong opinion early on. Barbara talked about my first political action, which was wearing pants to school. It does not sound like a big deal, but in 1966, it was a bit of a big deal. I formed that strong opinion about the role of government and a few other things, when I was growing up in Richmond Hill. I was the eldest of four girls. We were sitting there in our birth order, as it happens, at the Island on the boardwalk at Centre Island. At school, I saw people being left behind, including one of my little sisters. She was very ill as a baby. She had a learning disability. In the 1950s and the 1960s, that typically meant that you were overlooked. There were no classes for kids with special needs. What having a pretty severe learning disability meant was that you were punished. You were failed, and you were punished. That is what it meant. You were kind of forgotten, and you were left behind.

I can remember that it was hard to watch what she went through. My parents were fierce advocates. They fought for solutions and services to help her. What I learned is that solutions are much easier to find when government works with families. As I grew up, I came to understand that when governments intentionally set out to create the conditions for people to succeed, to correct injustice rather than just letting people fend for themselves, to fight for people rather than to divide them, that actually is what good government means.

Of course, when I was growing up, I never imagined I would have the privilege of leading a government. When I go to grade 5 classes or grade 10 classes, kids say, "Did you plan to be the Premier?" No, I did not plan to be the Premier. That was not part of the plan. Now that I do, now that I am in this role as Premier, I have been focused on building a fairer, better Ontario for everyone. It is why I am in politics. It starts with getting the fundamentals right. That means focusing on economic growth and on jobs and making investments where it makes the most sense and has the most impact.

We have put billions of dollars into building and repairing our hospitals, roads, schools, transit systems, including expanding the subway to Vaughan with six new stops. I know that Sandra Yeung Racco is here from the Vaughan Council. Good things are happening in Vaughan, but all over the province we have been doing this building.

Today, after five years, the people of Ontario are seeing, and they are experiencing the benefits of that plan that we are implementing. At a time of uncertainty, our economy is doing relatively well, partly because of that investment. We are outpacing Canada. We are outpacing all the G7 countries and have done that for the last three years. We balanced the budget this year for the first time since the recession, and more people are back at work. Our unemployment rate is at its lowest in almost two decades. That means that an average of about 500 jobs were created every single day in 2017.

All of that is very good, but here is the thing. While we are very proud of all of that—and you should be, too, because you are on the ground making those things happen—and while it shows that we are on the right track, the numbers do not tell the whole story. It is what I referred to earlier about people not feeling that. They do not feel it anymore. It is not like 40 years ago or 30 years ago where if there was that kind of growth and success, people would feel it in their day-to-day lives. The truth is that people in our province are struggling. They are anxious about the future. That is something, that anxiety, is something that I hear about a lot.

Earlier this year, a woman named Lise wrote to me. She lives just east of Ottawa. She has two sons. One is 22; one is 25. They did not expect to be living at home in their twenties, but they can only find precarious work—part time, minimum wage, no benefits. I am sure that you know people who are in the same boat. This is not what she imagined for them or what they imagined for themselves. Lise said to me, "Times have changed from when I was their age. It is very sad, and it is frightening, to say the least." I agree with her. It is scary when what you expected to happen did not happen and when you do not know what is coming next. There is no easy solution. There is no quick fix to what is a complex set of conditions. This is a new world with new challenges. As I say, they are not simple. The pace of change is unlike anything we have seen before.

I know we can go back in history, and we can look at times where there were previous industrial revolutions, and there was a lot of change, but what is happening right now is unprecedented. Thomas Friedman, in his book Thank You for Being Late, writes about the way that change is accelerating so rapidly now that it is actually moving faster than our ability to absorb it, our ability to understand what it actually means.

It is a provocative theory, but it makes me even more certain that in this time, government must step up, must tackle those big problems that go with this rapidly changing economy. If ever there was a time when government had a role to play, it is in an uncertain time like this. These are problems that people cannot solve by themselves.

What that means is that every decision we make as a government has to come down to one thing: We have to ask who we are fighting for.

[Remarks in French] Alors, tout ce que nous faisons, chaque décision que nous prenons, défini en de d'autre termes pour qui nous luttons.

Exactly who are we fighting for? We are fighting for hard-working men and women who want to retire with greater security. Barbara referenced this in her opening. We pushed hard for better pensions. We led the way, here in Ontario. We led the way, and now the improved Canada Pension Plan is going to pay out more in benefits to millions of retirees across the country. It is a good thing. We are fighting for working families with kids. That is why we made prescription drugs absolutely free for every person in Ontario under the age of 25. We call it OHIP+, and it is already making a world of difference to so many families across our province. In Ottawa, we recently heard from a woman named Amanda. Amanda has her own business. She is a fitness instructor. Her husband works a contract job. They love what they do, but, like a lot of people, they do not have any additional health benefits. Their daughter has type 1 diabetes, and that means insulin. It means test strips. All of that adds up to about $6,000 a year to keep their daughter alive and healthy. Amanda talked about standing in line at the pharmacy and wondering whether she had enough money in her bank account to pay for the drugs that her daughter needs. OHIP+ has changed everything for Amanda's family. It means that Amanda can focus on her daughter and on her career and not try to balance the cost of prescription drugs. So many families across the province can live their lives with a great burden lifted off their shoulders.

We are fighting for students who are trying to start a career or are retraining for a new one. That is why we made college and university tuition absolutely free for more than 225,000 students who were struggling to pay for it. We are saying that if you get the grades, you get to go. These are men and women of all ages. It is a great thing.

Sometimes we think about students in college and university as being kids who just came out of high school, but these are men and women of all ages. They are going to help us to seize the opportunities of this changing economy. Some of those adult learners who are going back to retrain bring a wealth of life experience that is going to be extremely helpful in this economy.

I spoke, last week, with Reneisha. She told me that she had always dreamed of going to college, but she never thought that she could afford it. She especially did not think she could afford it because she has got two kids that she is taking care of. Her youngest is just a toddler. The free tuition program has made Reneisha's dream possible. She is studying community injustice services at Humber College, and she is getting 94%. She is top of her class. She would not even be there if we had not put free tuition in place. I asked her, "What do you want to do next?" She is not sure. She was just full of energy when I was talking to her on the phone. She has not decided yet. What she said was that there are so many options open to her that she did not even know about. She has gone into one program. She is not sure what she is going to do, but she is going to be successful.

The other conversation I had with her was the difference that it is making to her son. She has a toddler, and she has a son who is in grade 10. He is watching his mom do all of this. He is watching her succeed. That means that post-secondary is absolutely within his reach, and he will not be facing the same barriers that she did. This is intergenerational change that we are fostering by putting in place these supports. Imagine the talent that is being unlocked in Ontario, all the people who are going to be able to fulfil their dreams and, therefore, take part in the economy in a way that they would not have been able to do before. It is a wonderful, wonderful thing.

We are fighting for the moms or the dads who work two jobs and are still struggling to make ends meet no matter how hard they try. That is why we have raised the minimum wage to $14 an hour, and it is why we will increase it again to $15 an hour next year. CBC did a story about people here in Ontario who earn the minimum wage. The reporter went to a soup kitchen where, traditionally, you would find homeless people, but, in recent times, what they have been finding is that they are serving more and more people who work minimum wage jobs. Just think about that. These are men and women who work 40 hours a week or more, and they still cannot afford to eat. They have to go to the food bank. That is not acceptable to me, and I do not think it is acceptable to you, either. In a province as prosperous as Ontario, people who work a full-time job should not have to worry where their next meal is coming from. That is why we are raising the minimum wage, and it is why we are doing it with urgency. A fair wage cannot wait. There have been many conversations about living wage for many years. We cannot wait any longer. The time is now when the economy is doing as well as it is.

We are fighting for those working parents whose children are just starting out in the world. That is why we are helping 100,000 more children access licensed childcare, so that parents can go back to work when they choose, and more kids can have a great place to learn and grow. That is who we are fighting for. Our focus is on the people of this province, on their needs, on their priorities, on their growth goals. Even as those things continue to shift and change as new realities emerge, we will be ready to respond.

We will be ready to fight for a fair, better Ontario, no matter what the world throws our way, and the world does throw surprises our way, as you all know. Earlier this month, I was at a town hall meeting in Windsor. As you can imagine, we talked about all the questions swirling around NAFTA. I told them, and I will always stand up for Ontario workers and businesses, especially in the face of U.S. protectionism. That is my job. I believe in free trade. I believe in the importance of an updated NAFTA deal because it supports good jobs for workers on both sides of the borders. That is exactly why I have met or spoken with nearly 40 U.S. governors, now. Most of those have been Republican governors. We have talked about the benefits of our partnership. I will say that—and Philippe Couillard from Québec and I were comparing notes just this week—not one of those conversations has led to a disagreement about how important NAFTA is. There is a strong understanding of how important NAFTA is.

I have also been clear that if any state takes actions to harm Ontario workers and businesses, then we would respond in kind, that we would make a proportional response. That is why, last week, we tabled legislation, which enables us to respond to the Buy American legislation that was introduced in New York and Texas. Nobody wants a trade war, but if the U.S. insists on going down the Buy American route, then we have no choice but to respond. It is my job to fight for Ontario's people and businesses. That is why I am fiercely advocating for free trade and open procurement, and it is why I will not let others dismantle it without paying a price. That is the message that I have been taking to the States.

I think it is safe to say that the NAFTA renegotiation is a fight that none of us would have predicted when I was last here.

As I said, as a government, we have to be ready for whatever comes our way. We have to look to the horizon. Oftentimes, it is our kids who help us to do that. One of the most frequent questions that I hear from young people when I go on campus or I go to high schools is What is the government doing about climate change? It is an important question, and it may be the most important question for the planet. We cannot ignore the reality of climate change. We cannot look the other way. Young people understand that. They know that we have messed up. They know that our generation and the previous generation did not do everything that we should have done, and they are looking to us to at least get us on a footing of going in the right direction. That is why it matters that we have eliminated coal-fired power. It makes a difference to our air quality, and we have got Asthma Canada sitting right here. We can walk out of our doors. The air is clean. It matters to the health of our children, and it matters to the future.

We have to prepare our province to thrive in a very different global economy, and we have to do it now. We cannot wait. It is upon us. Some people are concerned about the cost of taking action, but there is a far, far greater cost associated with doing nothing. It is why we have put a cap on pollution, because environmental destruction is not an acceptable cost of doing business.

On January 1st, we officially joined with Québec and California in North America's largest carbon market. We chose this system because it provides the greatest reductions at the lowest cost, both to people and to businesses. Every dollar from the proceeds goes into improving public transit systems, retrofitting our hospitals and schools, helping people reduce their greenhouse gas emissions at home with free smart thermostats and rebates; it gets plowed back into communities to help everyone to reduce pollution.

You cannot be serious about lowering emissions and fighting climate change without a price on carbon. It is just not possible. Those who pretend differently are simply being dishonest and are trying to sidestep the issue.

I look at the climate change issue not just as the Premier of Ontario, though. I look at it as a grandmother. It would be unfair and irresponsible to push the most pressing issue that we face onto the next generation. I cannot look Olivia and Claire and Hugh—who are eight and six and four—in the eye and say, "While grandma was Premier, she did not do anything about climate change, because there were people who disagreed with what should be done." I cannot do that. It is my responsibility to say to them, "Kids, I did everything that I could," and then to pass the baton to them.

We are fighting for them, and we are doing it in a smart, sustainable way. As pollution has fallen in Ontario, our economy has grown. We are on the right track. There is no denying it, though: This is a time of uncertainty and change in the world. I just spent three days in Washington. There is no doubt about uncertainty, my friends. It is an uncertain time. These are challenging times to govern, just as they are challenging times to be in business or to be an educator or to be a farmer or to be an auto worker or to work in homecare. Whatever you are doing, it is an uncertain time.

If we do our job right, if we stick with our plan, then the people of Ontario will be able to look to the future, and they will be able to look to the future not with fear and anxiety, but with the hope and the confidence that really have been trademarks of who we are as Ontarians and Canadians. Ontario is a very special place. When I meet with U.S. leaders, they admire what we have built here. They do not all agree with everything that we are doing. I am meeting with a lot of Republican and Democratic leaders in the States. They look at what we are doing, and they want to understand how we are building, how we are providing the supports that we are for people. They want to understand how we are doing more and not less for people, how we are talking honestly about what change means and accepting it on our terms.

I truly believe that if there is anywhere that can figure out the best way to confront today's challenges, it is Ontario. It is in this room. It is us. It is here. It is in all of the beautiful 444 municipalities in this province. There are great ideas. There are people who want to work together. There are partnerships waiting to happen, and we are going to continue to work with all of the folks in this province who see that the future can be as bright as it can be. I just want to thank you all for being here. Merci. Miigwetch. Thank you.

Q: Thank you Premier Wynne, and you read my mind. Thanks very much for your insightful, inspirational words about trying to bridge inequality in Ontario. One of the stories you mentioned around the minimum wage and that people are working 40 hours a week and trying to make ends meet is that they are using food banks. I think, frankly, one of the reasons they are using food banks is the enormous cost of finding an affordable place to live, particularly, for some of the young people that you mentioned.

We applaud your government. You brought some measures last April under the Fair Housing Plan. That said, the challenge is still enormous out there, particularly, for low, modest income households. Do you have some thoughts about other measures your governments could do to add to the supply of affordable housing or increase affordability for those that are having trouble making ends meet, particularly, as we all know an election campaign is coming? Here is your opportunity to let us know what you might be thinking of doing.

KW: Scoop my platform, right. Let me just say, Harvey, that I absolutely get that. When we look at the determinants of health, when we look at the factors that go into poverty reduction, housing is a huge part of that. You are right. In our Fair Housing Plan, we did put in some supports.

We brought rent control in for all buildings, not just the ones that were built before 1991. That was a hard thing to do because it is something that has been contentious for many years, but we were just seeing too many exponential increases in rent, and we are working with the federal government on the National Housing Plan, so that there can be a direct support for building of more housing and of which I know you want part of that to be co-op, and I totally agree with you. We need different models. We cannot just build the way we have always built in the past, and we need new models.

We are also moving on inclusionary zoning. I think that municipalities having the ability to put in place an expectation that when there is building, there will be affordable housing, and we will have mixed housing models. That is important.

The last one I would just tackle is you talked about young people, and that is a huge concern. I also have a huge concern about people at the other end of the generation, seniors. I do not think we have brought the discussion around housing for seniors and healthcare for seniors close enough together.

They are intimately related. Stay tuned as we work with all of the folks who are trying to provide better homecare, and, at the same time, provide housing options for people, so people who are in a bed in an acute care hospital when they should be in the community, but there is not the right housing model for them.

We are working on that as well. That is the spectrum that we are working on.

Thank you, Harvey, for all your support. Thank you.

Q: Hello. Thank you for your conversation. My name is Justin Hein. I am the CEO of Rose Rocket, a small startup company here in Ontario, just down the road, a five-minute walk. I want to know your thoughts coming for Ontario in the next four years, eight years, ten years, whatever you would like to use as a time window of hypergrowth and small companies. What are we doing well in Ontario? What needs to improve? And how are you going to help really a huge economic driver for this province?

KW: My understanding—and I am quite sure you know more about this than I do, and you could give me some advice, which I hope you will do—is there are a couple of things that we need to focus on. My understanding is that the sort of threshold of a business expanding, we do not necessarily support that commercialization, that next growth. I think we have gotten better on the startup, and we have got great incubation happening in the province, but we have not necessarily helped businesses to grow and stay. I think that is one of the things that we need to do. I think the other thing is we need to make sure that the people who are graduating from our post-secondary institutions, that you continue to have the labour force that you need, and that that labour force graduates with an understanding of entrepreneurialism and understanding of growing a business. I think one of the things that we can do much better in this province is link education with the workforce. We have a number of great examples of that happening, so that young people get exposed to a full range of opportunities early, but we have a ways to go. I think if we can keep that great, highly educated workforce that, quite frankly, is bringing businesses here, is helping to start terrific businesses, that is great, but we have got more to do to make that work force even more ready for the 21st century, which is what you are talking about.

Q: **Hi, I am Kim Moran with Children's Mental Health Ontario. Thank you so much for speaking about the big changes that are happening to our children and what they are facing. I think that one of the big accomplishments we have made as a society is to really reduce the stigma around mental health. I think that that has then brought so many kids and so many youth out to really address mental health issues, which is really going to be positive for society, as a whole, in the long term. I think that you know we have not really had our service delivery system keep up with that demand. That is something that I would really like to get your thoughts about, because you know, from your background, that when kids have mental health issues that are not treated, it overflows into the classroom. The teachers are really struggling with kids who really need treatment.**

They need help that they cannot access and, of course, into our colleges and universities, similarly, the kids really need to get the treatment as soon as they need it. I just wanted to ask your comments on that issue.

KW: A couple of things on that. I said in my remarks that one of the most frequently asked questions I get is about climate change. Probably the number one question I get asked—and I just did a college and university campus tour—is about mental health. It is exactly as you have said. The terrific awareness campaigns that have happened, and it is so important, because we all know that as recently as 10, 15 years ago, this conversation was not as robust as it is now, and people were not talking about early intervention and early identification. It is a huge concern.

Let me just step back for one second and say that people say to me, "You are doing a lot of things. There is a lot of stuff going on. What are you really focused on? What do you really want to get done?" My response to that is, there is a lot that needs doing. That is why the list is long. There are a lot of concerns. I look around this room. There are not just three things that you are concerned about; there are 50 things that you are concerned about.

When people say you have done a lot, my response is, "So, ask a parent of a kid with mental health issues if we have done too much. The answer is no." The answer is there is still more to do. What I will say to you is we get that. We have put more money; we have put millions more into mental health services, but we have not finished, by any stretch of the imagination.

You know that the minister of health is working on a plan. You know that things like mental health hubs—that we are trying to bring an interdisciplinary approach to this, because there is not just one practitioner who needs to be involved. Kids need a wraparound of services. We need to make sure that schools have the supports that they need. We cannot expect teachers to be mental health professionals. It is not fair. They are educating our kids. They have a different job, and they need to be supported both in the school and in the community. We know that there is more to be done.

The other challenge is the navigation. I know when I am on a campus or talking to educators, that what happens in the community is not necessarily connected to the campus or to the school. We need to make sure that there is a way better coordination of services, and that is, again, top of mind for the minister of health and long-term care. Stay tuned. We are going to do more.

Q: Premier, hello. Dr. Sara Diamond, President OCAD University. Thank you very much for the free tuition. The impacts in the college and university sector, as you have said, are really profound. Every challenge you have described requires the talent of graduates from colleges and universities. I wonder if you could speak a little bit about how you see investment in

post-secondary education moving forward in your next government.

KW: In other words, when will there be more.

Q: Yes, when will there be more? You have done some great work.

KW: Sara, let me just say that we will never back away from the need to continue investing in post-secondary. I will just broaden that to say that that includes skilled trades. It includes colleges; it includes universities; and it includes skilled trades because, again, there is an area where I hear from business all the time, "I am looking for 20 welders; I am looking for millwrights; I am looking for tool and die." I visited an amazing place in—okay, staff help me: Where was I? St. Clair College. I was at St. Clair College, and this program had drawn young people from a whole bunch of backgrounds. There was a young guy with a Bachelor of Science degree who was learning computer skills on the shop floor, so that he could go into an apprenticeship. He was learning millwrighting; he was doing tool and die; and he was going to go into an apprenticeship. That kind of opportunity has to be available to kids across the province. We are going to continue to invest. I know that each institution has a vision and a dream of where they want to go. Part of our job is to work with all of them and make sure that we have got the right mix of opportunities for kids, whether they live in the north, whether they live in the south part, southwest, southeast part of the province. We have to make sure that they have access somewhere in their jurisdiction, that they have access to the right kind of education for them, and that they can transfer those skills and credits from one institution to another, because that is one of the challenges that we have faced as well. We are going to continue to work and invest and continue that advantage because, when I go to China or India or Vietnam—as I was just there this fall— they look to us for our labour force. They bring business here. They want to invest here. They want to expand their businesses here and create jobs because of our highly educated work force. I know it is our advantage, and it is exactly why when we put in the proposal for the Amazon bid—and there may be different feelings about this—we did not put on the table a whole lot of money. What we put on the table was our highly educated workforce, and we are the only Canadian province, the only Canadian city that was on that list of 20. We are on the right track.

I am getting the hook. Thank you so much for spending so much time with me. Have a wonderful afternoon. Merci. Miigwetch.

Note of Appreciation, by Ms. Vanessa Foran, President and Chief Executive Officer, Asthma Canada

Good afternoon, everyone. I would like to thank the Empire Club for hosting this event and a very special thank you to the Premier for taking the time to share her thoughts on where we are as a province and what opportunities lie ahead.

I would also like to thank all the people in the room who dedicate their time and effort to public service. These are the people who are doing all they can to make Ontario a better place to live and to raise a family.

As a province, we have been making important long-term decisions that have impacted the quality of the air that we breathe and have reduced our carbon footprint. This has helped to improve the health of Ontario's most vulnerable citizens, including those who live with asthma and other respiratory conditions.

Ontario has been a global leader in reducing GHG emissions by eliminating our reliance on coal-fired electricity generation and replacing it with non-emitting hydro and nuclear energy. As a province, we have embraced this leadership role as innovators in the new low-carbon economy, and it is vitally important that we remain committed to continuing on this path to a cleaner world.

Every step we take to reduce the reliance on fossil fuels is a positive step forward to cleaner air in this province. As we reduce carbon emissions, we increase the quality of life for our residents, especially, those with asthmas and lung issues.

On behalf of Asthma Canada, I would like to, once again, thank the Premier for joining us today and for her continued support of clean air policies. Thank you very much.

Concluding Remarks, by Barbara Jesson

Thank you, Vanessa. I apologize on behalf of everyone for that dull roar. A sincere thank you to our sponsors, Bruce Power and Home Care Ontario, for making this event possible. The Empire Club of Canada is a not-for-profit, and we simply could not do these events without the generous support of sponsors like you. We are very, very grateful.

I would also like to thank mediaevents.ca, Canada's online event space for webcasting today's event to thousands of viewers around the world, and also, a particular thank you to our sponsors, the National Post, and, most especially, to Toronto Life, our newest sponsor. We are just delighted with this partnership, and we look forward to doing many activities with you.

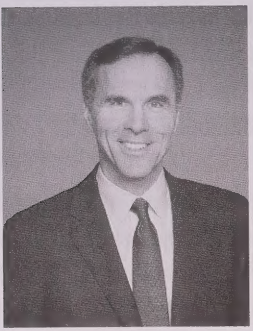
Although our club has been around since 1903, we are active on social media. Please, follow us on Twitter at @Empire_Club and visit us online at www.empireclub.org. You can also find us on Facebook, LinkedIn and on Instagram.

Finally, please, join us again at our next event on March 1st, that is this Thursday, with Minister Bill Morneau, fresh off his budget, to talk to us about it at the Royal York Hotel.

Thank you very much for your attendance, today.

This meeting is now adjourned.

The Empire Club Presents



THE HONOURABLE
BILL MORNEAU,
CANADA'S MINISTER
OF FINANCE and
AMANDA LANG

WITH: EQUALITY AND GROWTH A STRONG MIDDLE CLASS

Welcome Address, by Gillian Riley, President of the Canadian Club of Toronto

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March 1, 2018

Good morning, ladies and gentlemen. Please, join me in welcoming our webcast viewers. My name is Gillian Riley, and I am honoured to be the President of the Canadian Club of Toronto and your co-host of today's event. Thank you for joining us.

[Remarks in French] Je m'appelle Gillian Riley, président du Club Canadienne du Toronto. Bonjour le téléspectateur, merci de nous rejoindre sur internet aujourd'hui.

Our club offers members and guests a diversity of opinions that causes reflection and sometimes inspires action.

In creating innovative and relevant programming, we strive to ensure not only a diversity of perspectives, but of speakers as well. Here, we offer access to dynamic political, business and public figures. Our federal finance minister is a great example.

I do want to express thanks to today's event sponsors, Canadian Credit Union Association, represented by Rick—thank you; Carpenter's District Council of Ontario, represented by Nikki Holland—thank you; and Great Gulf Residential, represented by Christopher Wein—thank you.

Let me just remind you, if you have any question, please, jot them down on the Q&A cards that will be provided at your tables, and our volunteers will collect them.

Today, we are very pleased to welcome Canada's Finance Minister, the Honourable Bill Morneau, to offer details on his third budget just tabled two days ago. The Finance Minister has appeared on several occasions at our joint events with the Empire Club to provide financial updates or to present details of the government's annual budget.

His presence is always welcomed and much appreciated. We like that you use our podium to outline the fiscal strategies that your department plans to implement to support economic growth and development in this country. The theme of gender equality in the budget has not gone unnoticed. What a breath of fresh air.

By way of background, it might interest you to know that the federal Minister was once a member of the Government of Ontario's Pension Advisory Council.

In 2012, he was appointed Pension Investment Advisor to Ontario's Finance Minister.

Minister Morneau co-authored a book, The Real Retirement, and has authored numerous articles on public policy issues. Of course, he was also head of Morneau Shepell prior to being elected to Ottawa.

Minister Morneau will share some budget 2018 insights with us and then sit down with Amanda Lang, anchor for BNN Bloomberg. Amanda, of course, is an award-winning journalist and author, and a former director of the Canadian Club. We are lucky to have her, and she often comes to our podium.

Mr. Morneau and Ms. Lang, the podium is yours.

The Honourable Bill Morneau with Amanda Lang

BM: Good morning. Thanks very much, Gillian, for introducing me. It is really a pleasure to be here. I would like to thank, I guess, both Gillian and Barbara from the Empire Club and the Canadian Club for hosting this morning. I have the great opportunity to talk about what, of course, I believe is an import milestone in our plan to make a difference for Canadians, this morning.

I am also really pleased to be in Toronto to talk to people that I have known for many years, as well as some people who have come from other places to be here. I see the former Premier Christy Clark, from British Columbia. It is nice to have you here. We share one thing. My Head of Communications, and someone who is going to be taking a really important role with me as the Minister of Finance in Ottawa, is the former Head of Communications for the British Columbia government, Ben Chin, so I get to hear lots of stories about British Columbia, which are mainly all good, just so you know.

I also see some other people here that I know. I see Paul Spafford over here. When you are in the role of Minister of Finance, you get these errant emails every once in a while with ideas and advice, so send them on. Paul sends them to me on quite a regular basis. I apologize, Paul; I do not always reply, but you can consider today's speech a reply to your most recent long email about our government's economic policies. It is really a pleasure to see so many of you here this morning.

I terrified my wife this morning because we were in the car coming down here, and she looked at the piece of paper I took out of my top pocket—and it is this piece of paper. She said, "Oh, my god, you are giving a speech for 20 minutes with that piece of paper?" I said to her, "If I have not figured out what is in the budget by now, we are all in very deep trouble."

I want you to know before I start with Amanda this morning that it is an auspicious week for Amanda Lang. She is getting married on Saturday.

AL: Thank you.

BM: This is my way of buttering her up to ask really nice questions later. Anyway, I know she does not want a stressful week, so we will keep it very low key.

It is truly the case that I have the privilege to be here in front of you acting as your Minister of Finance. We have been working hard over the last few years to make an important difference in our economy, but, most importantly, an important difference in the lives of Canadians.

I think you have probably read some of the coverage around our budget this year. It is really one that is focused on how we can make a lasting difference in our country by thinking about how we can give all Canadians a real and fair opportunity for success. We realize that not everyone does get that in our economy as well as we do.

I think the example I like to give people about how much the next generation is ahead of us is one from my house. A couple of weeks ago, I was at home, and all my kids are away at school. I was walking around our house because Nancy was not there. When you are alone as a dad in the house, and all your kids are gone, you are sort of lonely. I walked by one of my daughter's rooms, and I saw a sign behind her bed, which I had not noticed before. It was a handwritten sign. On the sign, it said, "We cannot all succeed if half of us are held back." For me, it was a blinding flash of the obvious. What she was saying was that, in fact, if we have a situation where women and girls do not have the opportunities that men and boys have, we cannot possibly meet up to our full potential.

I thought my daughter was pretty smart, and then I came to my office, and my team told me that, in fact, it was a Malala quote. Nonetheless, she was quoting Malala, which I think is a good thing. It really gave me something to frame what we are trying to do. We are really trying to think about how we can deal with some really significant long-term challenges that our country faces.

Maybe I can start with where we are today, as opposed to what we are trying to do for the future. Where are we? We are a couple of years in, as a government—two and a half years. We obviously came into office saying that what is important is to make investments, investments into Canadians to grow our economy.

What have we seen over the last year and a half? Canada has grown at the fastest rate among the G7 countries. For six quarters in a row, that is the kind of results we have seen. What have we seen in terms of employment? In the last two years, we have grown 600,000 new jobs in this country. We now have among the lowest rates of unemployment we have seen in about 40 years.

If we think about our first and most important goal, which is getting Canadians working—which is itself a recognition that Canada works if Canadians are working—that is where we are at today. We are in a much better position than we started with. We have some pretty great attributes in this country that we started with and things that we have maintained and want to enhance. We have among G7 countries, the lowest amount of debt to our economy, so the lowest debt to GDP. This is a really important position that we are in. People often talk about our income statement, but it is important to look at our balance sheet. It is less than half the average of G7 countries.

What have we done over the course of the last few years? We have said to Canadians that we want to maintain that very good fiscal position. More importantly than that, we want to reduce that amount of debt as a function of our economy each and every year. That is what we showed in our budget this year. That is our continuing commitment to make sure that we retain that very strong fiscal position, not only for today, but for the future.

There are a number of factors that have led to this really strong position. Obviously, one is the fact that we made significant investments in Canadians in the budget in 2016, and the budget in 2017 has had an important impact. The first thing we did, you will remember, was we put in place a thing called the Canada Child Benefit, which changes the way we deliver child benefits, so 9/10 families get significantly more. It is mean tested. That means that those 9/10 families got an average of $2,300 more after tax per year.

Our idea, of course, was that if we gave money to people who really need it at a time when they really need it, they would put it back into the economy.

That has been an important factor in growing our economy over the last two years.

There are other factors as well. We have seen a swing back in Alberta because, of course, we were in pretty difficult straits in Alberta back in 2015. Still more to be done, of course, but that has been a positive impact.

We have seen a continuing impact, positive impact, from the housing sector. We have seen a continuing positive impact—and this is really positive for us now, and we hope that this continues to be the case—from the global economy, which has firmed up and strengthened over the last couple of years. Finally, we have accommodative interest rates, so interest rates still present good opportunities for businesses and individuals to borrow.

The economy has gone well over the last two years, but our long-term insight is that we cannot rest on that. We have to recognize that we have significant long-term issues that we need to deal with. The most important one of which, of course, is demographics. We hit, last year, an important milestone: There are more Canadians over the age of 65 than under the age of 15. Of the things we can manage, that is not an easy one to manage. We have got a long-term challenge that we are going to have workers exiting the workforce.

When you are looking at what to do about that, you start and think about what has been the success in this country over the last generation, over the last 40 years. It is not a hard insight. One-third of our economic growth over the last 40 years is due to the entrance of women into the workforce—one-third—an incredible fact that has led us to be in a much better position than we were 10, 20, 30, 40 years ago.

What we have seen is that has stalled. Over the last decade, decade and a half, we have had less advancement. We can say that we are pleased with women's workforce participation, but I would argue that being eighth out of 29 countries in the OECD is probably not good enough. We can say that we have made progress in equal pay for equal work, but when we are 15th out of 29 in the OECD, I would say that is not good enough.

We know that we should focus on the place where we can have the most significant impact. If half of our population is in a position where they are not doing as well as they should be, where all the opportunities that they want are not necessarily open to them, that is a place where we can make an important difference if we can get it right. I am not arguing that getting it right is easy, but I am saying that it is critically important, and we need to get on with the business at hand.

We know that being in a good economic situation right now puts us in a favourable position not only to think about long-term issues, but also to think about short-term challenges. Some of the things that some of you in this room and others outside this room have talked to me about was the important challenges that we are facing right now. We, of course, are facing an important discussion with the United States around NAFTA. It is critically important that we present Canada in the strongest light possible, that we work towards getting what we hope will be a better deal, but we do not expect that it will be easy, and we do not believe that we should just take any particular deal. We know that having a strong economy places us in a good position to actually do that negotiation.

We do, however, know that we need to consider how we continue with a positive, long-term economic situation in spite of these challenges. We know that, right now, of course, the United States has made some changes in tax rates, and there have been more than a few people in the business community who have talked about that. We know that it is important, first of all, to be in a strong economic position so that we can be competitive against anybody around the world, but also we need to take a look carefully and make sure that our tax rates and our overall economy stay competitive. That is our commitment.

We are working hard to make sure that we understand those changes, the impacts both immediate and longer term on our economy and make sure we react in a way that is appropriate to the challenges at hand. I want to assure you that we will do our homework in that regard, and as the Americans write the actual regulations around those tax changes, which have not yet been fully written, we will consider them and make sure that we ensure that our country remains competitive.

Our long-term focus is very much thinking about what we can do for the next generation and the generation after that. Focusing on women's participation in the workforce is critically important. You have probably read some of the stories and some of the studies that have led us to conclude that we really should be doing more work in this regard. McKinsey Global Institute came out and said that if we actually were able to get more women into the technology fields, into science, engineering and math, if we were able to raise participation rates, by 2026, we can have about an extra $150 billion to our economy.

Putting that in context, that is an enormous number. Our economy, right now, is about $2.2 trillion, so you can do the math. What RBC talked about in one of their studies was if we had better workforce participation, full workforce participation of men and women at an equal rate, this past year, our economy would have been 4% better off. Four percent is huge. If we could only get half of that, 2%, that would be a material change to our economic forecasts.

We know that we can do more in this regard, but we know that it is going to take long-term efforts. I can tell you that we were starting on this from day one. The Canada Child Benefit, which I talked about, which provided more money to families, gave 9/10 families

$2,300 more after tax, but what it did was for single women who were parents, who earn on average under $60,000 in this country, was give them about $9,000 per year. So, $9,000 to consider how they would raise their kids, what they would do with childcare—the things that matter most to them and their family. That was a starting point for us.

In 2017, we said there is more that we need to do to get at real challenges. We put in place a $7.5 billion plan over 11 years for childcare. What we said we were going to do is negotiate with the provinces to figure out how best to deliver childcare across our country. What we have seen over the last year is that we have got now nine agreements between provinces and territories, and they are all different. Each province has taken a slightly different approach to how to deal with childcare. We have given the provinces the ability to tailor it by local needs and challenges. In some provinces, it is about training more childcare workers. In others, it is about more rural spaces. In others, it is about creating more opportunities for people to have urban childcare spaces in their environment.

Starting down that path was important, but we also recognize that we need to deal with some other things. We put in place, last year, a national housing strategy, which is now being rolled out across the country, because we recognize that, especially, for families that are in a challenging position, we need to deal with the affordable housing challenge, especially, in some of our cities where that is a big problem. It is a $40 billion plan with the provinces to roll out, to create more spaces, to renovate existing spaces.

We have also put in place rental construction financing, so organizations like Great Gulf, here, can have access to financing through the CMHC that will allow for more rental units to be built over the course of the future. This year, in our budget, we decided to put more money in that regard. We had, last year, $2.5 billion in capacity for the CMHC. It was oversubscribed. From our standpoint, this is great news. It means people are going to build more rental facilities across our country, so we put another $1.25 billion of capacity in our budget this year, which will create another, we estimate, $14,000 rental spaces across our country. These are enormous initiatives to make a difference for families, to make a difference for, especially, families that are in a most challenging position, and that will have a differential impact on women.

This year, we said we need to keep down this path. Of course, the acknowledgment that women share a greater burden of the raising of children is an obvious one. We said that there is something we can do in that regard. In Québec, they have put in place, over the last few years, a position where they can have the second parent in a two-parent family, take five weeks off. If they want to take that parental leave, they can take an extra five weeks. If they do not take it, the couple loses it. What has happened in Québec is that has meant that 80% of couples actually both take time off for parenting duties. In the rest of the country, it is 12%. We want to nudge families to make sure that they are actually sharing parental responsibilities more evenly. We know that will mean that when there is an employer who sees two people who are 28 years of age come into their office, and one is a male, and one is a female, they will realize that both of these two individuals are likely to take some sort of parental leave over time and that both of these people are going to have some sort of responsibility for parenting, so that we can drive long-term change in attitudes. This creates more opportunity for women to get back into the work force, yes, but it changes behaviour among employers as well.

I know that many of you in this room do a huge amount in your organizations to actually increase women's participation to ensure that your workforce is fair. I would say that what we are trying to do, federally, is encourage that behaviour to see if we can all together do more to make a real difference on what is an important opportunity for our country.

We have said many other things in terms of helping women are a real challenge. We recognize that there is not as much opportunity for women entrepreneurs, so this year we said that not only do we expect the Business Development Bank of Canada to help with mentoring women entrepreneurs, and not only did we put money into our regional development agencies, so that women entrepreneurs can benefit from accelerators and incubators, but we put in $1.4 billion of financing at the Business Development Bank of Canada so women-led businesses can get more access to finance. Our observation was they were not getting nearly as much as men-led businesses were. One out of six businesses are female-led businesses, but they are not experiencing the same level of success. So, we are putting more money for access to capital there, more money as well through the Export Development Corporation.

What I can tell you is that we believe these initiatives, over the long term, will have an important impact. Of course, they are not the only things in our budget that we are very focused on for the long term. We know that having the kind of innovative society we all want means we have to have a robust research and science environment. We know that being successful, over the long term, is key, and innovation comes from great ideas, from a place where people can get the kind of education they need, but also the opportunity to use that education in a way that will drive not only new science, but new innovation and eventually growth.

We have made the largest investments in fundamental research that we have ever had in this country.

It is significant in terms of the opportunities for young researchers— over $3 billion of investments in fundamental science. Importantly, what we have heard from the Naylor Report, which we commissioned last year, was that we needed more opportunities for young researchers, more opportunities for interdisciplinary research and more opportunities to bring women into the research field because we were seeing too much of the granting money going to the people who had been there for a long time. They are obviously very successful, but we might not be getting the new, exciting opportunities. We said that by putting more money in, we are going to drive to more interdisciplinary research that bring in younger researchers and more female researchers tilting it towards the future in a way that we think will have a big and positive impact.

We know also that we need to think about real challenges in this country as opportunities. When I think about the challenges we face in making sure that Indigenous Canadians are successful, we start with basic challenges, like, we do not have clean drinking water in all parts of our country. It is not acceptable, so we said we need to do better. We have made improvements. We have lifted 52 drinking water advisories over the last couple of years, but it is by no stretch good enough, so we put more money into making sure that we will have clean drinking water everywhere in this country by March 2021.

We said that we need to do more than in other areas. We have a situation where about 7.7% of the people in this country who are under the age of 14 are Indigenous, yet about 50% of the people under the age of 14 that are in foster care are Indigenous. This really is not good enough if we are putting ourselves in a situation where the fastest-growing single part of our population is experiencing such enormous challenges. We need to do better. We put significant funding, $1.4 billion into family and child services for Indigenous Canadians.

We recognize, also, that we need to deal with long-term health challenges, so we put $1.5 billion into dealing with health challenges for Indigenous Canadians, challenges that, frankly, we are not seeing everywhere else in the country, challenges like access to healthcare in remote and really places difficult to get at, challenges like tuberculosis in parts of this country that maybe some of you do not see on a regular basis. Certainly, we do not in other parts of the country. We need to get at this. We need to do better, and we are committed to doing that.

We do know, however, that there are other things that we need to think about as we think about the very long term. What is Canada all about? We are about a place where people can be successful, yes, where we have a great opportunity for generations to come. One of the great things we have is a wonderful environment.

Back in 2010, we made a commitment that we would protect 17% of our country. This was an important commitment that we made. We would protect our lands; we would protect our coastal regions. We made a commitment of $1.3 billion to actually follow through on that commitment to protect the spaces for the next generations to come in a way that we can all say that this will still be a country where you have access to great places to go and see, especially, in nature.

Finally, last but not least, we, as you may know, are President at the G7 this year. We have made a significant commitment to up the ante on our international development. It is important, we believe, as a leader in the world, that we do better in this regard. We have made a commitment that we can do more, in particular for women and girls around the world in helping with poverty reduction and helping ensure that even from a security standpoint, the world is better tomorrow than it is today.

It is an ambitious agenda. It is one that thinks about how we can help Canadians, today, how we can deal with the long-term. I will tell you that in my job, I get the opportunity to go out and meet people every once in a while that really inspire you to make a difference.

A few weeks ago, while I was preparing for the budget, I was out at Algonquin College, and I met a woman there who was telling me about her opportunity to change careers. This is a woman who had gone back to school after raising her children, and she had gone to Algonquin College—her name is Joan—to do event planning.

When she got there, she decided that, in fact, what she wanted to do was enter one of the trades. Now, she is an apprentice plumber. It is this sort of spirit that inspires you to think about what we need to do, all of us together. The reason we are putting money into helping people with skills, with pre-apprenticeship training and apprenticeship training is because we know that for us to survive and for us to thrive, we are going to need to consider what the ways are that we can have the biggest impact on ourselves and our families, but also on the economy, over time. Joan took a courageous decision to go back and do something that, as she told me, was not expected by anybody that she knew, but was really what she found out, a true calling for her. We want to see more Canadians like that, people who take the opportunities. We are going to continue to make investments in Canadians, whether it be through Canada's student grants, whether it be through Canada's summer jobs, whether it be through apprenticeship training or creating a sort of innovative environment that creates those new and exciting jobs for the future.

It is really a pleasure to be here this morning to talk a little bit about our budget. I expect now maybe to talk about the harder bits of the budget, since you will have the Q&A bit. I want you to know that we will continue on our path not only to do what we think is right for the long run, but to deal with what we see are the short-term challenges and do it in a fiscally responsible way. Thank you very much.

Questions & Answers

AL: Thank you, Minister. Just a reminder, I am taking your questions. If you write them down, people will collect them; they will bring them to me; and I may or may not ask them. You did warn me you were going to go longer than you were supposed to.

BM: Did I go much longer?

AL: You went way over your time. I will not give you a hard time.

BM: One of the things you learn in the job is the longer I go on the speech, the fewer questions I get.

AL: No, I get it. No, I would give you a hard time, but it is hard enough to be a white guy these days.

I will not actually raise the point that was raised the other day in the media that we have never had a woman finance minister in this country.

BM: Are you going to run?

AL: No. You talk about a budget that is reflective of Canadian values. I think most people could look at this budget in that lens and see that there is a lot in it that is about taking care of one another, as you note—the worker benefit, which is amazing. People may not know this, but they have tweaked it so that low-income workers do not have to sign up for it. A lot of people were missing these kinds of benefits because they were not filing their taxes. Those are good socially positive things.

The Child Benefit is great. It felt a little bit, to me, like you were focused on one part of the ledger and it was a part of the ledger where we share, where we redistribute. And even things like having more women in the workforce and paying women more—very few people are going to get up and say those are bad ideas. The money has to come from somewhere. So far, it has come from consumers who are up to their ears in debt. We need to have economic growth that is driven by startups, entrepreneurs, and big corporations, including foreign capital coming to this country. That is where this budget, I think, did not focus. You know these issues inside out. Why not? What is the thinking? I hate the word competitiveness; I do not know what it means until it shows up on the bottom line, but we know we are in a bit of trouble here. I think this is a room full of people who need to know that answer.

BM: Of course, this is an important question. Let me just question the frame for a second. Let us start with the Canada Workers Benefit. We have made big changes in the Canada Workers Benefit. In the CPP negotiation, a couple of years ago, we put an extra $250 million into what we are calling the Canada Workers Benefit, which was the working income tax benefit. This past fall, we said we were going to put $500 million more there. What we said with this budget is we are going to give people the ability to get it automatically. We found that less wealthy Canadians that were eligible for this benefit were, in many cases, doing their taxes on paper, which meant they were not automatically getting the benefit. We said if the benefit is meant for the challenged part of the population that wants to get into work, let us make sure they can get access to it.

We have made a really big difference. There is going to be 300,000 more Canadians who get the Canada Workers Benefit. About 70,000 Canadians will be lifted out of poverty as a result of this. This is where I want to attack your premise.

The premise is that somehow raising Canadians out of poverty is not good for the economy. Let us take the second part of that premise—and it is not your premise. The second part is the idea that we are going to have more women engaged in the economy, and we are going to have better success rates for women, but this is somehow not about our competitiveness. I would just argue that by asking what have we shown in the last two years?

AL: This may fly in the House. It is not going to fly here. The money has to come from somewhere. Where does the money come from? I think those are very worthy and laudable things.

BM: It is, but let me just ask people the question, Which people in this audience are not considering outcomes? When you make investments in Canadians, and the outcome is we have had the fastest growth we have seen in more than a decade in our economy, we are driving the economy. We have seen more Canadians working than we have seen in—as I said, this is the lowest unemployment rate in almost four years. This is the sort of thing that actually does drive the economy. If you start with the fact that you have more people working, and you have more people who are actually being lifted out of really challenging positions—and, by the way, those people actually put much more of the money back into the economy than people like me. I am being realistic, because as a percentage basis, if I am getting more money, it is not necessarily going in. That is a foundation. We are not saying that we do not need to think about those competitive challenges; we are saying let us start with our fortress here at home. If we have low unemployment rates, if we have an economic growth that is strong, let us be proud of where we are at. This is the best economy we have seen in a long time.

Now, what are we going to do with that great economy? Thank you Christy Clark. What we are going to do with that really great economy is we are going to face up to those big challenges. It is true that we need to deal with those challenges. What I would argue is everyone here in this room knows what a balance sheet is and knows what an income statement is. Our balance sheet is great. It is the best in the G7. We are getting it better each and every year, which allows us to be resilient to face up to those challenges. That is what we are going to do.

AL: Thank you for getting to the income statement, because we…

BM: I want to stop on the balance sheet again.

AL: I know we are supposed to look at net debt to GDP, but I do not want to. I want to look at deficits because—and this is a simplification that will drive some people batty, but I do not care. A deficit represents overspending. We make a pledge with you. We send you x amount of tax dollars. What we are saying to you is there is the pool. That is the kitty to show us what you can do with that. You are saying, indefinitely, it is not enough; we are going to borrow against it. I agree that investing in—you cannot disagree that investing in better health, better lives, better jobs for Canadians has a very virtuous circle. And we all benefit and the economy grows, but, unless the funding for that begins to come from the private sector and not—so far it has been public sector debt and consumer debt. We need the private sector to be growing.

Let us go back to tax reform, U.S. tax reform. Was it even on the table for you to lower taxes in this budget for corporations? I do not think it was. Did it even cross your mind that…?

BM: Was that the question? We are going to get to bigger…

AL: That is my question, yes. Did you think about it?

BM: First of all, I guess what I would say is, having run a business, I did not consider the entire competitive framework about taxes. What did I start with? I said do we have a strong, well-educated workforce? Do we have the kind of ecosystem, including science, including innovation, that makes sense? Do we have the kind of institutions that are strong and resilient, including the banking sector that has kept us in a strong position for years? Do we have, as I said before, a good balance sheet? Yes, taxes are an important part of that. We, of course, need to remain competitive. What we will not do is we will not react in any sort of knee-jerk fashion without fully understanding the ramifications.

We have the lowest tax rate for small businesses among G7 countries. We are in a situation where the U.S. tax rate, yes, has changed. The top corporate tax rate has gone down to an average of about 25.8 when we are about 26.8. Yes, they are now in a situation where it is about one percentage points less than us. There are a lot of details to figure out, because they changed their ability to actually expense their interest charges. They have changed a number of other details, and a number of regulations are not written. What I would say to everyone in this room—and what I would say to anybody in the business community—is we know that having a competitive tax environment is important. We know that none of you would expect, in your businesses, that you would come to conclusions without doing your homework. If you did, you would lose your investors. We are not going to do that on behalf of you. We are going to make sure that we actually do our homework and get it right. To the extent that we conclude—and that conclusion has not been made—that there is a competitive threat as a result of taxes, we will take a look at that threat.

I do not want anybody to sort of slag our country and say that what we win on is the basis of the lowest tax rates. If that were true, then there would be other countries that can go lower than us. We do have the highest educated workforce among the OECD. We do have really great attributes in this country that we know we can expand and do better with, and we can exercise the sort of opportunity that we have in things like fundamental science and research that will lead to better things for our children and for our grandchildren than we have today through opportunities that will be right here in Canada. That is what we are thinking about. Short term is important. We also need to keep our eye on the long ball.

AL: We have a question here about, as one might expect, small business tax reform. Obviously, a terrible time for you in terms of presenting. It felt a little bit like, "Mom and Dad, I have cancer; no, I am just quitting med school," because what I am hearing from the small business community is this is less bad. It is less horrible than it was before. You did take a lot of consultation on this. Do you feel like you have landed in a place that is what you want? You are satisfied with this?

BM: We think we landed in a place where we wanted to land in, of course. Let me take you back. What did we announce last summer? We said to ourselves that we had seen a rapid increase of people privately incorporating. It happened over the course of the last decade. In many cases, people were privately incorporating because there were big tax advantages. We know that we want to have small businesses that had the opportunity to invest and grow, but we do not want people just to incorporate so they can share their income with someone who is not involved in their business or defer a huge amount of tax. We said we need to get this right.

Where did we land? We landed that if you are in a small business, and your children or your spouse have nothing to do with the business, then you cannot lower your taxes just because you happen to have children. We landed in a place where now, we have said, if you have a significant amount—millions of dollars—of passive investment income in this private corporation that is not being invested back into the business, then you are not going to have the small business tax rate anymore, because the small business tax rate is intended to have small businesses actually reinvest in their business, create jobs and grow the economy. If you are in a situation where your business is earning $500,000 a year, and you have millions of dollars in passive investment income, you should expect that you will not be seen as a small business anymore.

I think we landed in the place that does what we said we wanted to do: Encourage small businesses to be successful, but do not have a situation where a small number—and impacted private corporations is about 2%—have significant advantages not available to everybody else. It was, of course, a challenging fall. Politics is a rough sport.

AL: Why I would never run, Minister.

BM: There you go. It is also a huge privilege. You get the opportunity to do things that can make a difference. It is a particularly huge privilege in times like this where you can see actually what is happening has been very positive in terms of outcomes for people and, of course, broadly for our economy.

AL: We do have a question about business investment. The most recent data, of course, is not good, which speaks, I think to a kind of a lack of confidence or a certain level of uncertainty about many things—not least NAFTA, this tax reform on certain dues out there, the effect of U.S. taxes. The question is whether you think about what you can do, policy-wise, to change that mindset to encourage businesses to invest. What are the levers you have?

BM: It is, of course, real that people feel a level of uncertainty as we go through these NAFTA discussions. We have to acknowledge that. People are watching closely to make sure that the competitive environment in our country stays strong. We do have to also acknowledge that our economy is doing well right now. We are in a strong place to actually have that challenge presented to us. What can government do? We need to be careful not to think that government can do everything. You have seen us take some important initiatives. We have said to Canadians that we think we should find a way to invest in places where Canada has what we call a differential advantage. What did we say? We said in advanced manufacturing, a place for us to invest; in the digital sector, a place for us to invest; in clean technology and in clean resources, two other places for us to invest; and also in science, health science, and agriculture—so six sectors about which we said these are important places for us to invest.

Last year—and some of you probably would have been involved in this—we said that we were going to take an approach where we could think about collaborating with universities and businesses and the government, together, to make investments in some of those sectors of the economy. We called it a 'superclusters approach'. We put significant funding, about $950 million in, and we chose five consortiums on the basis that government was going to put money in, but that universities were going to put expertise in and business was going to put funding in, and it was not going to go directly back to the businesses, but was going to actually expand those sectors.

That is the sort of thing that we think we can encourage, investment from the business sector. That is happening now. I think we have got five really great ideas that we are working on. I would not say that we can solve the problem as a federal government in terms of the concern, the uncertainty around NAFTA, in any other way than being absolutely strong at the negotiating table and by trying to get to a good position, to deal with things like the ongoing need for competitiveness in our country, which we are engaged with and thinking about. We also need to find ways to encourage the private sector to be part of the solution.

The things we have done over the course of the last couple of years, in many cases, have co-opted or worked together with the private sector. When we put in place the Canada Infrastructure Bank, it was a recognition that we can do more infrastructure if we bring in institutional investors and pension investors, that we can take $1 of federal or provincial funding and find $5 of funding from those institutional investors that want to invest in long-term infrastructure. When the banks came together to put together the Business Growth Fund to try and help second-stage growth in companies, that was an initiative on which we worked together with the bank and financial sector. We are trying to work together to make an important difference, as we recognize that our job, first and foremost, is to think about the nature of the environment and the competitive environment, which we are thinking about.

AL: The long-term investment in science—again, very hard for one to be critical of investing in pure research.

It is a departure from years of cutting pure research.

You have made targeted investments. Those are bets that you make with majority governments. They are bets that pay off over the long term. You cannot possibly point to jobs next year that come from it, except maybe a few grad students.

BM: Actually, a lot of grad students.

AL: A lot, and that is a good thing. Unless we commercialize the outcome of some of that research, including in AI. What is the benefit to Canadians of spending this money? I guess, from your point of view, what needs to happen to encourage more, better commercialization? Because that, historically, is where Canada falls down. We are great at ideas, and then we deliver them to other people to commercialize and get wealthy off.

BM: I think this is an important observation. It would be a challenge to the business sector as well. We have said there are a number of things we need to do better at. We have put in place an approach to dealing with intellectual property strategy this year that we are working towards delivering on, including a patent collective, so that people can have better access to IP in their businesses.

We have talked about how important it is for government to get more efficient. We looked at all of our innovation programs, as a government, over the course of the last year. There were 92 programs that businesses could come in to think about how they could grow their business. We winnowed them down to what will be, in the end, about 36. We have made it simpler for people to get in. We focused funding in places where we know we are having a strong impact, like the Industrial Research Assistance Program, the IRAP. We are looking at how we can deal with that.

We have also said that we want to now deal with regulation. We want to see if we can simplify regulation in this country. We have identified some sectors, the transportation sector, the health bioscience sector, as two obvious ones where we can look at—the agricultural sector as well. We are going to try and winnow down the number of regulations as well, which should enable business.

You are right. Commercialization is a challenge in this country. A starting point is having the investment in fundamental research. Another important point is to make sure that you fund for the cost, the administrative cost, for which we did increase funding as well, so institutions can support their researchers. There will always be more to do in this regard. I do think that, as a country, we have an opportunity to do better.

AL: Arguably, one of the limits to our competitive ability, the reason that our businesses are not more efficient and productive has to do with internal trade issues, province-to-province barriers. That is something that is not in the federal government's mandate, but I watched the pipeline dispute going on between Alberta and British Columbia, and I am wondering whether the federal government has been reluctant to play the strong leadership role it needs to play for Canadians.

BM: I will tell you that we have said from the time we announced it—and continue to say—that we think the Kinder Morgan pipeline is an important idea that we need to be able to get a price for our resources that is closer to the world price. We recognize that getting access to markets is a critical factor in that. We have been stalwart in that effort.

What I can tell you is that we have been engaged in this discussion. Everything that happens in government, you do not actually see on the front page of the paper, so you know. We have been engaged in these discussions to try and make sure that we resolve this challenge. In my estimation, progress is being made. We are going to stay on this file. We think it is important. That will be our continuing approach, trying to get things that are sometimes challenging done in a practical way.

The fact that interprovincial barriers exist is, of course, a frustration. It does not often seem to make sense that you have different trucking regulations in different provinces. We are trying to work on that, too. I think former Premier Christy Clark can tell you how challenging that is at times, but we need to move that forward every single day. We made some progress last year. There is certainly more work to be done.

AL: You have a majority government. Majority governments mean you can do big, bold things. A former finance minister told me on budget day that you would be happy if we described this as a quiet budget, that is a good day for a finance minister. I am not sure you would agree with that. What is the big vision, not for the government, but for Bill Morneau, as Finance Minister? You have been there long enough. You get the game. You may only have a year and a half left to do what you can do for Canada. What is it?

BM: Let me start by agreeing with that former finance minister.

AL: Okay, I will say it was Carole Taylor.

BM: I was saying to the young people who were taking out all of our badges when we came in, "I am not in the front page of the paper, today, so it is a really good day." We had one day, and we announced what we were trying to do, and now the policy experts are writing articles about the things that we are trying to achieve. That is, we hope, the way it should be. We have said this is a direction, the course we want to chart, and people are now examining the details of the policy prescriptions.

What is it that I want to achieve? I think I do not see myself as different from the government in this regard. If more Canadians can feel more success from a high level of economic growth, that is the outcome that we are trying to achieve. It is not the opposite. A higher level of growth, so that it might trickle down. We do need to think about what people send this to government to do, and it is about making their lives and their family's lives better. That means not thinking just about any particular subset, so when you look back and ask what you can you be really proud of, if 600,000 more people are working, if we have more people that are able to get to university and not be left encumbered with significant financial debt, if we have more opportunities for those people to have really great careers that actually stimulate great growth in this country—it is not any one individual measure of absolute success, but those are the sort of markers that, for my kids and for, hopefully, all of your kids, will make this country better over the long term.

Then, there are the other things that we are trying to do as a government. We want to have an environment that is strong for years to come, of course. We want to make sure that we do not leave people behind, that we cannot leave behind, because it is the wrong thing to do. There are many goals, but that big fundamental goal of getting people engaged and active is really the first order of business.

AL: We are at time, but you went over, and so am I. Do you have a desire, before you leave government, whether that is a year and a half or five and a half years, to put us on the fiscally prudent path?

BM: I do intend on running again. I think that was an implicit question there.

AL: No, the question was whether you win.

BM: I think that part of the answer is about winning. You asked whether we intend to put Canada on a fiscally prudent path. I think what the answer is and what I would hope people would take away is that if our economy is growing at the fastest pace we have seen in more than a decade, if we have the lowest unemployment rates we have seen in coming on 40 years, if we have a continuing lowest level of debt as a function of our economy among G7 countries, and if that is getting lower every single year, which is the case, then that is a fiscally prudent path.

About the frame that you are talking about, that austerity-versus-investment frame from the last election campaign, I would say we have said that making investments works. By the way, it is working. We are seeing ourselves growing the economy and finding a way to actually maintain that growth.

I would argue that the opposite tack of making cuts would actually have the opposite impact of actually lowering our growth and putting us in a worse financial situation. 'Fiscally prudent' means doing the things that are going to grow the economy, make things better for people and, by the way, it will make it better for all of us at the same time.

AL: Even if you are running deficits?

BM: The point here is that we are moving on a path that is fiscally responsible, and I think that not everyone in this room is going to go back and say I am going to get rid of my mortgage now. They are going to say, "I am going to manage this over time in a way that makes most sense because that is the way I should best manage my financial affairs." That is exactly what we are doing.

If we were going in the opposite direction—you can see what is happening in the United States right now. They have made some tax changes that means that their deficit compared to ours on a per capita basis is 5:1. That is what they are doing for their economy. We are not taking that approach. We are saying we need to be fiscally responsible. We need to continue to grow our economy. We do not want to overheat our economy, so our interest rates go up rapidly. We want to do it in a managed way. That is exactly what we are doing. Thanks for being here. Thank you.

AL: We will leave it there.

Ladies and gentlemen, Bill Morneau.

Concluding Remarks, by Barbara Jesson

My name is Barbara Jesson. I am President of the Empire Club, and it is my great pleasure to thank Amanda and our Minister of Finance.

Amanda, first of all, thank you so much. You are tough in a very nice way. All of us here, of course, wish you happiness in your pending marriage. Congratulations.

There is no role in government more important to the future of our country than the finance portfolio. Our Finance Minister must balance the often-competing interest of its fellow cabinet ministers, regional and provincial concerns, private enterprise, private lobbies, citizens action groups, public sentiment, along with his own goals and the long-term vision and goals of the prime minister. For good measure, throw in the sometimes-volatile occurrence that can assault us from outside our boundaries, and somehow you have to find a way and find the resources to pay for it all and guard the public purse in the process.

Now, of course, the Finance Minister must incorporate into his considerations, a broad understanding of financial matters that exist in a virtual world outside his direct control as well as the recent introduction of a revolutionary new currency, bitcoin, and the blockchain, the next global disruptor.

Canadians owe you an enormous debt of gratitude for your courage in stepping up to the plate during these most challenging times. We wish you success as you put your plans for our nation to work.

[Remarks in French] Bon chance avec la réalisation de votre strategie.

Thank you for honouring a long-standing tradition of joining us all at this special joint session of the Canadian Club and the Empire Club of Canada and sharing with us your thoughts and your budget for the year ahead.

I also want to express a sincere thank you to our sponsors. We could not make occasions like this happen without you, and we are particularly grateful for this morning's support. The Carpenters' District Council, Great Gulf Residential, and the Canadian Credit Union Association, thank you so much. We are very, very grateful. Without sponsors like this, we just would not exist as clubs.

We also want to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world. Thank you to the National Post, our print sponsor.

Thank you for your attendance at our meeting, today.

The Empire Club Presents

THE HONOURABLE
CHRIS BALLARD,
MINISTER OF
THE ENVIRNOMENT AND
CLIMATE CHANGE

WITH: MAJOR CLIMATE CHANGE ACTION PLAN ANNOUNCEMENT: CONFRONTING THE CHALLENGE AND OPPORTUNITIES OF CLIMATE CHANGE DURING A PERIOD OF ACCELERATING CHANGE

Welcome Address, by Barbara Jesson, President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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March 5, 2018

Good afternoon, ladies and gentlemen. From the Arcadian Court in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting. Before our distinguished speaker is introduced, it gives me great pleasure to introduce our Head Table Guests. I would ask each Guest to rise for a brief moment and be seated as your name is called. I would ask the audience to refrain from applauding until all of our Head Table Guests have been introduced.

HEAD TABLE

Distinguished Guest Speaker:

The Honourable Chris Ballard, Ontario's Minister of the Environment and Climate Change

Guests:

Mr. Chris Benedetti, Principal, Sussex Strategy Group; Director, Empire Club of Canada
Mr. Thomas Chanzy, Head of Communications, Corporate Citizenship, TD Bank Group
Mr. Pat Dalzell, Senior Strategist, Corporate Affairs, Bruce Power
Mr. Kent Emerson, Associate Vice President, Municipal and Stakeholder Relations, Municipal Property Assessment Corporation (MPAC)
Mr. Christopher Hilkene, Chief Executive Officer, Pollution Probe
Ms. Maria Malik, MA Candidate – Climate Change, Faculty of Environment, University of Waterloo
Ms. Jen Norman, Chief of Staff to Ontario's Minister of the Environment and Climate Change
Mr. Parminder Sandhu; President and Chief Executive Officer, Vistera Group of Companies

My name is Barbara Jesson. I am the President of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

I am absolutely delighted to welcome two student tables with us today. First, from the Faculty of the Environment at the University of Waterloo, my alma mater, we are just so pleased that you made the trek in from Waterloo today. We also have with us a group of journalism students from Centennial College. Students, if you would all, please, rise to be recognized. Thank you so much for being with us.

I do not know how our next guest sleeps at night. If there was a weightier challenge than the one he faces in his current portfolio as the Minister of the Environment and Climate Change, I cannot think what it is. Perhaps, the one thing that relieves at least some of the stress for him is that he has some power to effect change. I do not know about the rest of you, but I just feel this sort of anxiety about the sword of Damocles that hangs over our heads.

The lifestyle changes we, as individuals, can make just seem so insignificant, and still the situation worsens. Over the Christmas vacation, I read Sapiens, by Yuval Noah Harari. If you have not already done so, I cannot recommend it more highly. It is basically the history of mankind from our first cellular beginnings right through to modern times. I do have to tell you that it is not for the faint of heart. Chapter after chapter reflects on the damage the human species has done to the planet we call home.

What baffles me most is that in the face of all this scientific evidence, the scales are tipping against us. There continue to be those who deny that there is a problem. The U.S. refusal to join the Paris Accord and the dismantling of the EPA just leave me dumbfounded. It is just so hard to imagine a president that supports—no, actively urges—a return to coal as a fossil fuel, while, at the same time, the New York Times, last weekend, published a special section called "The Drowning Coast." I do not know if any of you saw the papers this morning. Every day there is another story about flooding and what we are going to do about the way that we are paving over our cities and the dammage inflicted on our homes. Every day presents more incongruities along with more dire warnings.

Fortunately, in Canada, our governments appear poised to provide real leadership that can help make a difference. Hopefully, our guest today comes to us with some concrete program initiatives that will engage us all in addressing the problem here, in Ontario.

Mr. Ballard currently serves as Minister of the Environment and Climate Change. He was previously Minister of Housing and Minister Responsible for the Poverty Reduction Strategy. Prior to that, he was Parliamentary Assistant to the Minister of Government and Consumer Services.

He comes to the current challenge with a broad understanding of the economic imperatives that so frequently play into climate change strategies.

Mr. Ballard served as a town councillor for Aurora, where he chaired the Economic Development Advisory Committee and the Parks and Recreation Committee. He was Vice-Chair of the Town's Secondary Plan, (Places to Grow), and he is a former journalist and worked in public affairs for more than 25 years ago.

He worked on behalf of Ontario consumers with both the Consumers' Association of Canada, where he was Executive Director of the Ontario group, and as a founding board member of the Consumers Council of Canada. He is a strong advocate for consumer issues across the country.

He has a first-hand knowledge of Indigenous issues, having spent many years working for Dene and Gwich'in organizations in northern Canada. Ladies and gentlemen, please, join me in welcoming to the podium, Mr. Chris Ballard.

We are just delighted he is joining us.

The Honourable Chris Ballard

Thank you, Barbara, for that kind introduction. Good day, everyone. I am delighted to be here at the Empire Club of Canada, but before I go any further, I would like to offer an acknowledgment and a thank you that today we are gathered on lands that for countless generations was home to Indigenous peoples. The Indigenous whole-earth approach is especially appropriate to my ministry. I am very thankful that as I cross the province, not only in this portfolio, but past portfolios, I have had a wonderful opportunity to talk to elders and other wise folks in Indigenous communities who let me know about their traditions, their knowledge, in the hope that we could incorporate this whole of earth perspective into what we are doing at the ministry. I am so proud to say that Premier Kathleen Wynne gets it; that my ministry gets it; and that that, in fact, is what we are doing.

For more than a century, this forum, for 114 years, this forum—that is almost as old as I feel today—has been an important place to discuss the major issues of the day. Let us be honest: As Barbara pointed out, there are a lot of issues to discuss today. I want to take this opportunity, as we launch the latest Green Ontario Fund initiative, to add some context to our government's actions by highlighting our shared challenges and giving you a better sense of who Ontario's Minister of the Environment and Climate Change is.

Maybe it is because I am getting older, heck no, but change is happening faster and faster and faster. I am from a little town called King City, just north of here—once was a little town. It is growing. When I was there, about 850 people lived in King. King City sits high atop the Oak Ridges Moraine, a beautiful geographic feature left behind by the retreating glaciers about 10,000, 11,000, 12,000 years ago. It has rolling hills, mature forests, the headwaters of many rivers. As a kid, I had a wonderful opportunity to hike the East Humber, to fish it, and, in the wintertime, to ski extensively throughout that watershed. I shared this wonderful, natural environment with deer and wolves and red-tailed foxes and hawks. You name it, we saw it. You get the picture of this wonderful, bucolic upbringing right on the edge of nature. I was quite dependent upon a naturalistic environment for anchoring me and keeping me grounded.

King City, probably like a lot of us here, is a kind of community where your parents volunteered their sons for chores when a farm neighbour became ill, and you dared not ask for anything, any compensation. You dared not ask to be paid. It really taught me that community is not a bunch of people living in the same place; it is a shared sense of responsibility to one another, and that our success, as well as our struggles, are the things that bind us together.

As I grew older, I took that with me, that sense of community with me and ventured out into the world. I ended up living in Aurora, which is right next door to King City, so I guess I did not venture that far. I have lived in Aurora for a number of years now with my wife, Audrey, and we raised our three kids there.

Looking back on the experience of my folks, my life and the path ahead for my kids, the change has been quite dramatic. Right now, a disruption is underway to our economy, and it is accelerating. Is this the fourth industrial revolution, the second, the continuation of the first? Who knows? But it is causing anxiety.

The Internet, big data analysis, artificial intelligence, robotics are all ushering in major changes across the industrialized world. The thinker, Buckminster Fuller, lectured that until 1900, human knowledge doubled approximately every century. Then, it began to speed up. By the end of the Second World War, knowledge was doubling every quarter century, every 25 years. Then, it sped up again. Today, the totality of human knowledge doubles at a faster and faster rate—some say every 12 months. As the Internet of Things connects more and more devices, some deep thinkers say that knowledge growth could be doubling every 12 hours. No wonder our brains are tired, and we are feeling a bit anxious. There is the hockey stick approach to explaining why, perhaps, we are feeling a little anxious and tired.

It is clear that artificial intelligence and the robot revolution is underway. These technology advances will leverage our vast knowledge base. Yes, the robots are coming, and they will be able to learn. Cue the video.

[VIDEO]

Moley, the robot chef, is slated for presales in 2018. This product may fail, but the trend is not going to go away. Some headlines that are worrisome: "AI is doing legal work, but it will not replace lawyers, yet," reports the New York Times; "Robots are coming for these Wall Street jobs," says Bloomberg; and, finally, "Millions of professional drivers will be replaced by self-driving vehicles," reports NBC News. When you see headlines like this, we get a bit anxious.

Transportation, communications, energy, healthcare, law, and finances are just a few of the industries facing serious disruption from technology. If autonomous vehicles are coming soon, and that autonomy will safely allow more vehicles to use the same highway space, do we need another multi-billion-dollar 400 series highway? This is just one example of accelerated change that our governments must address. During this period of accelerating acceleration, if you do not innovate and embrace technology, you are left behind. This change may be more dramatic than what we have experienced in the past.

A 2013 Oxford University study still projects that the coming computerization of technology will put 47% of total U.S. employment at risk. What does this kind of change mean for the nature of work, for the nature of business, the way we move, live, interact? What will our communities look like, our businesses, and what do you want them to look like? How does government respond? How does it address this anxiety?

Our government is working to create fairness and opportunity during this period of rapid change. The plan includes a higher minimum wage and better working conditions, free or reduced tuition for thousands of students, easier access to affordable childcare and free prescription drugs for everyone under 25. It also includes a comprehensive Basic Income Pilot Project, testing a guaranteed income for Ontario residents.

Experts have been telling us for many years that in a rapidly changing economy where well-paying, 40-hour workweeks are rare, a basic income may be the safety net some need to avoid falling off the fiscal cliff as they move between jobs, retraining and new jobs. We will see. I know early, early anecdotal reports from the Basic Income Pilot are very positive.

As we adapt to this accelerating change, the legacy of our fossil-fueled economy is one that we also have to manage. We have futuristic technologies and information in our pockets, and I think I left my cell phone on the table, but you understand what I am groping for—we have these things. While we have them, at the same time, we also have lakes and oceans filling with plastic. We are globally connected, but, today, communities are running out of water—like Cape Town—or they are being flooded or are on fire. This is our conflicted reality.

Very quickly, I spent, as Barbara said, a lot of years, about 25 years, working for a variety of Indigenous communities—clients in Northwest Territories and Yukon, Dene and Gwich'in communities—and I saw firsthand, 25 years ago, things happening in these communities, about which, when

I came home, no one was really talking. I saw pingos slowl melting back into the permafrost. I heard elders, Gwich'i elders, talk about animals and insects that they had never seen that were not part of their history—things like wasps and robins and other changes, significant changes to caribou migration.

I will not forget once having a cup of tea with a group o Gwich'in elders because, really, if you want to learn what i going on in the community, you sit down with elders and hav some bannock and enjoy a cup of tea. I had an elder tell m that when she was a little girl—and she had always grown u by this community called Teet'lit Zheh on the western side o Fort McPherson of Northwest Territories—that storms were rarity.

Winter storms, yes; high winds, yes; but, now, there wer thunderstorms. She did not even have a Gwich'in word to describe a thunderstorm and, yet, they were there with increasin frequency. What she told me and what her friends around th living room told me was they were scared. They were ver scared of what was happening to our world.

This was 15, 20 years ago when we were talking about thi in places like that.

I would come home to Southern Ontario where we wer starting to talk about this thing called global warming, and th difference between what was happening in my hometown an what was happening in places like Déline and Tsiigehtchic an Aklavik and Inuvik and those places was dramatically different. Because these are communities that are very poor, mone tarily very poor—rich in spirit—what it reminded me of and really drove home for me is that the poor and the vulnerable did not create climate change, but it is the poor and the vulnerable folks who live in remote areas of Canada, especially, who are paying among the highest prices for climate change in this country.

Back here, in Ontario, we are seeing an increase in flooding, more intense storms, shorter winter road seasons, the proliferation of devastating invasive species, and an increase in vector-borne diseases. People are concerned. It adds to our anxiety. People are anxious about the threats climate change poses. They are concerned about the impact on our economy, especially, at a time, as I said earlier, when we are facing many challenges from automation and global competition. I do not think that I am alone in believing that climate change is the greatest single threat to our security and our future prosperity.

At the same time, this is, as I said, but one of the serious issues we are dealing with today. I would be remiss as Minister of Environment if I did not just take a second and talk about waste. For too long, we have been creating too much waste and sending too much of it to landfills. In 2017, a study I was reading the other day, looked at global plastic production and estimated that 79% ends up in landfills or somewhere else in our environment. We have all seen images of the islands of plastic refuse. Here is a perfect example, floating in the oceans. This stuff does not go away, frankly. It breaks down, and it gets smaller and smaller. I am thankful for the prosperity our economy has brought this province, but, together, we must shape a very different future.

This is why the next industrial revolution, the one we are all embarking on here—whether we want to get on board or not, we are on board—must be low carbon, and it has to embrace the circular economy revolution. Ontario residents are looking to their elected officials and their business leaders to confront the challenges, and—this is key—to also seize the opportunities. The challenges, as Barbara mentioned at the beginning, are great; they are huge, but I am an optimist. I am optimistic, because the road we have to travel is hard. We will have to change, but our journey thus far brings me some hope.

Last week, the iconic twin smokestacks from Nanticoke coal-fired electricity plant were demolished. I do not know if you got a chance to see them. Those stacks—there we go.

[VIDEO]

I wish I was there. This was so cool. There goes one of them. I understand, at one point in time, this was the largest burning coal facility in North America, if not the world. And they are down. I think we will see the dust settle for the next few minutes, so I will just keep talking. That is a great sight, as far as I am concerned, and it really is a symbolic image of ending coal-fired electricity in Ontario. It was one of the largest greenhouse gas reduction initiatives in North America, an equivalent to taking 7 million vehicles off our roads.

At the same time, it has helped clean our air.

Over the past three years, there has been one smog advisory and none since 2016—zero. It took the vision and courage of Premier Kathleen Wynne to get us there. Today, we can say that Ontario's electricity system is more than 96% free of greenhouse gas pollution.

That certainly is worth applauding. This has made us a leader in the fight against climate change. I know this because, when I am outside of Ontario—whether it be Canada, the U.S. or Europe—people keep coming up to me and saying, "I have heard about how you ended coal-fired electricity generation. I have heard about the thousands of kilometres of electrical wires you have strung. I have heard about other initiatives. Can you give us some advice on what you did?" Whether they be from Australia or New Zealand or Germany or France, we are having some wonderful conversation with governments of all levels about what we did and what we would perhaps do a little different, but we are sharing the knowledge, and it is very uplifting to see the acknowledgment that we all get, as Ontarians, whenever I get to travel outside the province. Building on the coal ban, we introduced our cap-and-invest program. We are capping the amount of greenhouse gas pollution businesses can emit, and we are investing the proceeds from our carbon market into projects that further reduce pollution and make life easier for Ontario residents. With our carbon market, if a large emitter exceeds their cap on pollution, they must buy allowances from the market, either at auction or from other companies that come in under their limit. I know cap-and-invest is not an easy concept to explain, even with great pictures. It does not lend itself to a five-second TV clip. I get it. We chose this plan because it guarantees reductions every year as the cap on pollution is reduced, and it delivers those reductions at the lowest cost for families and businesses.

To date, we have held five carbon market auctions, generating about $2.3 billion in proceeds. Last week, we had our first linked carbon market with Québec and California, joining a 'best-in-class carbon market', says the Independent Environment Commissioner. Let me remind you, we are required by law to spend every penny of those proceeds on things that reduce greenhouse gas pollution or prevent it. With our Climate Change Action Plans, 90 measures are about investing in Ontario, and reducing our dependence on imported fossil fuels. I cannot emphasize how important that is. Between 2014 and 2016, Ontario imported virtually all of its fossil fuels, sending $58 billion out of the province, to the States, to other countries and to other provinces—$58 billion of our funds went out of province for fossil fuels.

We have a real plan, people, to fight climate change and reduce our imported fossil fuel dependency. I know, as Minister, I really try to remain neutral and not get drawn into politics, partisan politics, a bit, but I have kids, and I am worried. I am worried that when I look across the aisle, I see, and I hear about PC candidates who seem to still be debating whether or not climate change is a real thing in 2018, at a time when the Arctic, the North Pole, is 2° above zero in February, at a time, where in Toronto, we are wandering around without jackets, and in Europe, they are being hammered by 10 cm of snow. It is like the next season of Netflix's Stranger Things. If you are familiar with that show, you will get what I am talking about.

So far, to carry on, so far, we have announced more than $1.5 billion worth of investments that reduce greenhouse gas pollution and other nasty air contaminants. Those investments are underway.

[VIDEO]

I really like that tag line, "When we bring communities together" because it speaks of my time growing up in a small community. Our investments are already supporting Ontario residents. Now, today, this is where we need the drumroll. I am really pleased to announce our next program that is fundamental to forming Ontario's low-carbon future. Today's announcement is calling on businesses, nonprofits, Indigenous groups, utilities, conservation authorities, to strap on their thinking caps. The Green Ontario Fund is proposing a bold challenge: The GreenON Challenge. We are looking for big solutions that tackle some of our toughest barriers to low carbon transformation. Projects could include development of net zero community, energy savings among multiple homes, new financing mechanisms or other transformative ways to significantly increase the number of home energy improvements. Projects could also propose performing retrofits that demonstrate new low carbon building designs or manufacturing processes. The Green Ontario Fund will invest up to $300 million in the GreenON Challenge.

These are our cap-and-invest proceeds at work. Parminder Sandhu, who is at the Head Table with me here, today, is here to answer any detailed questions you might have about the program. I love doing that. It is not fair, I know, but still. The Green Ontario Fund is key to helping move Ontario to our low-carbon economy. He and his team have been doing some excellent work, and we have given them a lot to do. He has been tasked with rolling out a number of critically important programs. It does not seem like a week goes by without us making another announcement. Thank you, Parminder, to you, your team and your board for helping implement this vision of a low-carbon economy.

I spoke earlier about the importance of not just fighting climate change, but also seizing the opportunities of a low-carbon and circular economy. Ontario has the fastest growing, cleantech sector in Canada. It is home to 3,000 cleantech companies, employing some 65,000 people and generating about $8 billion in annual revenues.

Not long ago, that sector would have been considered a niche industry. Well, that is no longer—not when you employ 65,000 Ontarians and generate that type of revenue. Today, our companies are exporting $1 billion worth of made-in-Ontario cleantech solutions each and every year, and it is growing.

Our plan to cap-and-invest is spurring the development of new clean technologies and is bringing jobs and economic benefits in the growing global market for climate-friendly products. At the same time, our strategy for a waste-free Ontario is building this circular economy in Ontario, the circular economy where one person's waste is another person's resource. Nothing goes to waste. It is an economy where we minimize the use of raw resources; we maximize the useful life of materials through resource recovery, and we minimize waste generated at the end of life of products. We have begun the groundwork to build the circular economy and increase producer responsibility right across Ontario.

It is estimated that for every thousand tons of waste diverted from landfill, we create seven jobs. If we were to divert just 50% of what currently goes to landfill, some 8 million tonnes, that would result in as many as 30,000 jobs. During this period of creative disruption, this next industrial revolution, I believe Ontario is well positioned to weather the storm and harness the opportunities. Ontario's economic growth outpaced all the G7 countries from 2014 to 2016. The latest stats I had, I think, was for the first quarter of 2017. We are continuing on that trend. In 2017—the first quarter, of course—is when we held our first carbon market auction.

To get to the end, a few years back, I took a trip with my wife to the UK. We specifically wanted to go to a place called Ironbridge. I do not know if anyone has been there. It is just northwest of Birmingham, in the UK. It is a UNESCO World Heritage Site. It is a beautiful, small riverside town, quiet. The area nearby is rich in coal and iron ore, which is why this is an important town. It was the birthplace of the first industrial revolution. At least that is what the local museum says, and who am I to argue with them? It certainly was very important because, in 1709, a guy by the name of Abraham Darby, a visionary, used coke as his fuel instead of charcoal to make iron in his foundry. This small change revolutionized the production of iron, leading Darby on a road to becoming an iron master and providing that key resource for the industrial revolution.

As production grew, ship traffic on this narrow river, clogged, much like trying to head down the DVP in the morning, so Darby was contracted to build a bridge. On the most traumatic edge of the gorge across the river, he built the world's first cast iron bridge. You can see it in the picture, here. Standing on that bridge, looking over the town, I marveled at this physical legacy of the industrial revolution. Today, I wonder What will be the physical symbol of the next industrial revolution right here in Ontario? Maybe the GreenON Challenge will spur the development of this legacy, but, perhaps, during this rapid change, the legacy we pass is not physical; rather, it is rooted in our values.

Let me take you with me for a second to the bucolic King Township on a spring's morning. You are standing beside a 12-year-old kid. That would be me. We are looking at a beautiful pasture. There are some horses grazing to the left. To the right are a few deer nibbling away. In the distance, a red-tailed fox skirts the forest. The sun is just coming up above a beautiful oak forest, and it is warm, and it smells beautiful on this early spring morning. If you look up, there is a red-tailed hawk circling, looking for breakfast. I do not know how you feel, but I know how I feel when I imagine that vision. I will tell you that I do not want to live in a world where that does not exist, where that cannot exist.

My dad used to say, "Do not just bring me a problem; give me a couple of ways of fixing it, and tell me how you are going to be part of the solution." The world my parents were raised in is radically different than the world my kids, your children, our grandchildren will inhabit. We cannot put the climate change genie back in the bottle, but I believe our common values, our sense of fairness, our shared sense of community bind us together on this small blue planet, the one that we call home, and I know that, working together, with you, we can fight the good fight against climate change.

I want to thank you for your attention and your concern about climate change, and, please, look into GreenON's Challenge, a wonderful program.

BJ: The Minister has agreed to take a few questions from the audience. He is going to be joined by Parminder Sandhu. I would like to ask him to join us on the stage, now.

CB: Thanks for taking all the tough questions. Look at that: We have answered all the questions. That was a good speech.

Q: My name is Tim Dobson, from Ontario Association of Landscape Architects. Your childhood history that you related—I was quite touched by it because it was quite similar to what I had. Having contact with nature at a very young age had a profound impact on me, as I chose my career in landscape architecture, so I was very touched by that.

On the GreenON Challenge, are you looking for specific projects, or could you explain more if you are looking for specific types of projects, and elaborate a bit more on that?

CB: The high-level answer would be yes. We are looking for innovative—and I hate to use the cliché 'outside-of-the-box'—ideas, things that maybe are being tried in other countries, but things that I am hoping are new ideas, new ideas being created here in Ontario. I think we want to keep—stop me if I am wrong—the criteria as wide as possible to try and encourage that creativity and try and encourage as much partnering among the various sectors I mentioned. We want to encourage you to bring your best ideas forward. It is sort of, in some ways, harkening back to Ontario's Basic Income Pilot. We have to find new ways of doing things if we are to achieve our climate change objectives. I am really looking for industry, government, NGOs, to come forward with creative ideas.

Q: I have got several. I will be putting them in for you. Thank you.

PS: Can I just add one thing to that last question? What Mr. Ballard talked about is bringing all these creative ideas. I do want to share one level of detail for the GreenON Challenge. It is a two-stage process. The first one is an expression of interest. We want to see all the great ideas out there. Then, from there, we will pick some streams in terms of finalizing some concepts that will go to a business case. It is really important to be as creative as possible.

Q: Hi there, my name is Miranda Bird. I am from the Faculty of Environment with the University of Waterloo. We would like to all thank you for this opportunity to be here. We are just pleased that we have had this opportunity to network and speak with so many different people about climate change. I am specifically interested, as I am in the Master's program for climate change. I am wondering if the GreenON Challenge will have any interest in having adaptation projects as well, as we all know that mitigation is not the only solution, as there are also irreversible effects that we need to address as well.

CB: I know, as a former municipal politician, adaptation is high on the list of what municipal governments want us to do. There are programs we have for adaptation that will be coming along for adaptation, but this program, because it is tied with our cap-and-invest, has to be solely focused on reducing greenhouse gas pollution. Adaptation sort of falls into another box, but it is important, and we have some other things happening there as well.

Q: Good afternoon, Minister. Thank you for the announcement. Don McCabe, a farmer from Southwestern Ontario. My questions today are numerous, but I am going to try and narrow it down to the fact that the resource industries in Ontario have yet to see a real boost from where these programs have been announced. With this one, today, we need to recognize the resource industries, as that is the starting point for any of this. Therefore, at the end of the day, at what point do we actually get to a true cap and trade?

I have seen the cap in operation; I just have not seen an offset market come into play yet that is actually going to be feasible for the resource industry to work with. Therefore, in this project that you have announced today, who is going to own the carbon credits?

PS: That is a good question. We will get back to you on that.

CB: Don, you are drilling down to a level that is—I am not there yet to give you that answer. I will say when it comes to working with resource industries as I have—and you know I have had many a conversation with whether it be mining, forestry or whatever—we have been through one year of the cap-and-invest program. It is a multi-year program. A lot of what we are doing in other areas of my ministry are also dealing with how we assist resource companies, resource organizations to meet their carbon reduction targets, their other pollution reduction targets, and share equitably in the GreenON program.

Q: Hi. Stephanie Barr, I am a PhD candidate at the University of Waterloo. Thank you for the announcement, today. It sounds like a wonderful program.

I was wondering, what role do you see academia playing in partnerships with government and industry in the GreenON Challenge?

CB: In all the GreenON work we are doing, I got to make a really great announcement just last week, well, the past couple of weeks. We were talking to Guelph at Seneca. Last week we were at the University of Toronto to talk about a $514 million program, investment into colleges and universities to help them reduce their carbon footprint. The most exciting part of it was all the professors who showed up to talk about all the cool research that is going on. We need that input, not only in the GreenON Challenge, but if we are to continue to grow our cleantech industries and to monetize and commercialize a lot of the research that is going on in our universities and colleges. I would say we need to continue to work closely with universities. I know I hear constantly from faculty members and students about not a) how important climate change is but, b) how they have got some really exciting ideas coming along. We have got to keep an eye on that and work closely with them. I do not know if you have anything.

PS: Yes, Minister. I will just add a couple of things. It is a really good question. This particular program is targeting the private sectors, a really important part. We have to leverage private capital to get into this market to solve these big challenges. The other thing I will suggest is if you are from academia, partner up with someone from that private sector or the nonprofit sector that can drive this. There is a list of eligible participants in this particular program. Academia can definitely partner with any of those. We think that academia does have a big role to play in that.

CB: Thank you very much, everyone.

Note of Appreciation, by Chris Hilkene, Chief Executive Officer, Pollution Probe

Good afternoon, everyone. Thank you, Minister, for your speech today, and for outlining the challenges and opportunities before us in a period of rapid accelerated change.

I got to meet the Minister about the end of November, I guess, when he was kind enough to be the keynote speaker at Pollution Probe's annual gala. During that evening, we had the opportunity to chat quite a bit on the theme of challenges and opportunities and how we might all work collaboratively together to address them, how to make Ontario cleaner, healthier and more prosperous. I am very pleased to have the opportunity to thank the Minister today, on behalf of the Empire Club of Canada. You may not know this, but Pollution Probe is Canada's oldest environmental organization. We were created almost 50 years ago, before there were ministries or departments of the environment in Canada, and even in the U.S. Our motto is "Clean air, clean water," and we have been working on issues related to both climate change mitigation and adaptation for well over 20 years.

I think it is fair to say that, while we are talking about rapid change, today, there were times that those of us working in the environment wondered if change would ever come. Looking back today, it is amazing to see how much has actually happened. I remember at the end of the '90s, Pollution Probe was trying to advance something called PERT, Pollution Emission Reduction Trading. We were accused of heresy. We were issuing permits to industry to pollute. As the Minister said today, look at us now. We understand that carbon pricing is an effective way to reduce greenhouse gas emissions economy wide, and Ontario is one of the leaders in cap-and-investment in the world.

Ontario, as the Minister mentioned, is the first jurisdiction in North America to eliminate coal-fired electricity. The elimination of coal stands as the single largest greenhouse gas emission reduction action on the continent. In addition to significantly reduce greenhouse gas emissions, closing coal plants has had numerous other benefits that are making Ontario's air cleaner. I did not actually remember the last time we had a smog day.

You reminded me during this, but I do remember that in 2005, we had 15 smog advisories that listed 53 days. For much of our summer, we were dealing with smog warnings. It is an amazing accomplishment that we have now.

I would, however, like to note that the transition to a low-emission electricity system, the decision to close our coal plants, was a great one, but it did not happen without having other electricity generators that have low-emission sources, including our sponsor today, which is Bruce Power.

We also know, we did not touch on this today, but we know that one of the biggest challenges that we have in addressing climate change is to bring down emissions from our transportation sector. I imagine that the GreenON Challenge is probably addressing that sector as well. Pollution Probe is very proud of the work that we are doing with the Ministry of Environment and Climate Change, Bruce Power and other power producers, auto manufacturers, utilities and a multitude of other stakeholders to get more electric and hydrogen passenger cars onto our roads.

Unlike the mandatory programs in Québec and California, Ontario's voluntary Electric and Hydrogen Vehicle Advancement Partnership, also known as EHVAP, is a collaborative initiative designed to ensure that by 2020, 5% of all our passenger vehicles on the road will be electric or hydrogen powered.

I was pleased to learn from our team, today, Minister, that

EHVAP is working very well. Those involved think it is the right approach, and it is on track. There is even some bullish optimism, I would say, among the stakeholders that we may deliver better-than-expected or hoped-for results.

Minister, as you pointed out in your speech in the announcement, today, investment is a big part of this challenge.

Just a couple of months ago when the One World Conference was happening in Paris on the second anniversary of the Paris Accord, that was the big issue. We have an agreement around the world. Are we seeing the investment to coincide? The resounding answer was, "Around the world, no." I am really pleased to hear today's announcement and see that we are actually investing and are going to continue investing in bringing down our emissions and in creating a better future for Ontarians.

Thank you, Minister Ballard, for being here, today. We, at Pollution Probe, and I know all the others in the room, here, are committed to and look forward to working with the Government of Ontario to produce the tangible outcomes required to ensure a clean, healthy and prosperous Ontario. Thank you.

Concluding Remarks, by Barbara Jesson

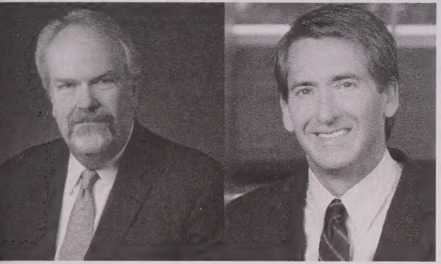
Thank you, Chris. I also want to express a very sincere thank you to our sponsor for today's lunch, Bruce Power. They have been a marvelous partner for the Empire Club this year. They have sponsored a series of events, all relating to energy usage and climate change. We are just so grateful for that partnership. Without that kind of support, these kinds of forums would not be possible. A sincere thank you. I think this is the last in our series, but we hope that we will find other ways to entice you back.

I would also like to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world. I would also like to thank the National Post, our print media sponsor. Our club has been around since 1903, but we have moved into the 21st century and are active on social media. Please, follow us on Twitter at @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and on Instagram.

Finally, please, join us at our next event, which happens to be tomorrow, March 6th. We are featuring Vern Brownell, the CEO of D-Wave Systems and Dr. James Olson of UBC, at the Royal York Hotel. This promises to be a very interesting lunch, looking at that new frontier, quantum physics and quantum computing. If you have an interest, please, please, get out to join us. Thank you so much for your attendance, today, particularly to our students.

This meeting is now adjourned.

The Empire Club Presents



VERN BROWNELL, CEO, D-WAVE SYSTEMS INC. & JAMES OLSON, DEAN, APPLIED SCIENCE, UBC

WITH: FORGING PARTNERSHIPS TO SHAPE THE FUTURE: COME LEARN HOW QUANTUM COMPUTERS ARE TRANSFORMING THE FUTURE AND THE FUTURE OF ENGINEERING

Welcome Address, by Barbara Jesson, President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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March 6, 2018

Good afternoon, ladies and gentlemen. From the Royal York Hotel in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting.

Before our distinguished speakers are introduced, it gives me great pleasure to introduce our Head Table Guests. I would ask each guest to rise for a brief moment and be seated as your name is called. I would ask the audience to, please, refrain from applauding until all of the Head Table Guests have been introduced.

HEAD TABLE

Distinguished Guest Speakers:

Mr. Vern Brownell, Chief Executive Officer, D-Wave Systems Inc.
Dr. James Olson, Dean, Faculty of Applied Science, University of British Columbia

Guests:

Ms. Georgina Blanas, Executive Director, PCMA
Mr. Thomas S. Caldwell, Chairman, Caldwell Financial Ltd.; President, Urbana Corporation
Ms. Lisa Cheng, Founder and Head of R & D, Vanbex Group
Ms. Vivien Clubb, Head, Communications and Marketing, IBK Capital Corp.
Mr. Alex Graham, Managing Director, Global Investment Banking; Head, Communications, Media & Technology, RBC Capital Markets
Mr. Philip Grosch, President, Treble Victor Group
Mr. Lance Hooper, President and Chief Operating Officer, Cobalt Blockchain Inc.
Ms. Veronica Knott, 4th Year UBC Mining Engineering and Mineral Processing Student; 2017 Gold Medal Student Award Winner; Barrick Gold Corporation Intern, Hemlo Mine Site
Mr. Don Listwin, Director, D-Wave Systems Inc.; Director, POET Technologies Inc.; Director, Teradici
Mr. Rob McEwen, Chief Owner and Chairman, McEwen Mining Inc.; Founder, Goldcorp Inc.; Founder, McEwen Centre for Regenerative Medicine
Dr. Gordon McIvor, Past President, Empire Club of Canada
Mr. Thomas R. Mika, Executive Vice President and Chief Financial Officer, POET Technologies Inc.
Mr. Randall Oliphant, Director, New Gold Inc.
Mr. Ian Russell, President and Chief Executive Officer, IIAC
Dr. Jay Smith, Vice-President and Senior Portfolio Manager, CIBC Wood Gundy
Mr. Suganya Tharmalingam, Managing Director and Chief Financial Officer, Kensington Capital Partners Limited

Dr. Suresh Venkatesan, Chief Executive Officer, POET Technologies Inc.
Mr. Mike White, President and Chief Executive Officer, IBK Capital Corp.
Mr. William White, Chairman, IBK Capital Corp.; Director,
Empire Club of Canada
Ms. Debbie Woo, Senior Director, Development and Alumni Engagement,
Faculty of Applied Science, UBC

My name is Barbara Jesson. I am the President of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table.

We are also very pleased to welcome a group of students from the University of British Columbia and Ryerson University and Centennial College. Students, please, rise and be recognized. We are so pleased to have you with us.

Many people make New Year's resolutions to lose weight, exercise more or learn a second language. My commitment this year was to learn, finally, something, at least generally, about quantum physics and quantum computing. No laughing, please. I am nothing, if not determined, and I have been reading, but so far, I have not been doing too well. I was particularly delighted to learn that I would be hosting this lunch, today, not to put too much pressure on our guests, but I am really counting on you for an aha moment.

You may be asking what brought me to this rather ambitious undertaking. It probably started with a feature article I read about a year ago in the Economist. The editorial suggested that after years of theoretical discussion, mind-bending quantum effects are about to power mainstream innovation.

They talked about a bathing cap that can watch individual neurons, allowing others to monitor the wearer's mind; a sensor that can spot hidden nuclear submarines; computers that can discover new drugs, revolutionize securities trading and design new materials; a global network of communication links whose security is underwritten by unbreakable physical laws. All of this is, apparently, the promise of quantum technology, and it is just around the corner.

I suspect that if you are in the room, today, you are more informed than I am, but, for the lay reader, at least until recently, quantum physics has been weirdly confusing. We have been asked to give up our ideas of time and embrace a universe based on probabilities rather than certainties. Again, I am possibly the only one here, today, struggling to understand how the act of measuring something changes the measurement or to comprehend that particles are neither here nor there, but, until pinned down, they are in both places at once.

I am noodling around notions of entanglement in qubits, not that I expect I am ever going to have to be an expert on this—good luck with that—but I do think that a basic grasp of the theory is going to be critical to living and working in the 21st century.

The article in the Economist that fostered this curiosity, for me, also talked about a Canadian company called D-Wave that began selling the first commercially available quantum computer in 2011.

With us, today, is Vern Brownell who joined D-Wave as CEO in 2009, leading the company through its transition from research into the leader in the development and delivery of quantum computing systems and software. During his tenure, D-Wave secured its first customers, including Lockheed Martin, a former client of mine, Google, NASA, and Los Alamos National Laboratory, and raised over $170 million in venture funding. Mr. Brownell joined D-Wave from Egenera, a pioneer of infrastructure virtualization, the company he founded after serving as the Chief Technology Officer at Goldman Sachs.

Joining him is Dr. James Olson, Dean of the Faculty of Applied Science and a professor of mechanical engineering at the University of British Columbia. Dean Olson spearheaded a number of initiatives aimed at transforming engineering education in the 21st century, including efforts to enrich diversity, student work experience, and business leadership and entrepreneurship programs. A Fellow of the Canadian Academy of Engineering and the recipient of multiple research awards, Dean Olson also served as Interim Director of the Institute for Computing, Information and Cognitive Systems at UBC.

Gentlemen, we are delighted to welcome you to our podium. I am counting on you for enlightenment. First to come forward will be Vern Brownell.

Vern Brownell

Thank you, Barbara. Thanks to the Empire Club and the organizing committee. It is a pleasure to be here. I have 12 minutes to describe quantum mechanics, quantum physics to you, so I am going to go really fast and dive in.

Something really interesting happened at the beginning of the 20th century. Physicists and scientists recognized that the theories that they had regarding how the universe worked were completely wrong. They had thought that everything worked on a very deliberate, so-called classical set of mechanics and, actually, what great scientists like Schrödinger and Max Planck have found is that the world really operates on something called quantum physics. It really is the set of laws that govern the universe at this point and forever.

First, Max Planck, German scientist, discovered this back in the late 20th century. Then, the next step was Erwin Schrödinger developed a really rich set of equations to describe how quantum mechanics worked. Then, Einstein, who was actually a little bit skeptical in the beginning signed on and became a real contributor to the field of quantum mechanics.

Then, if we fast forward to 1981, a gentleman named Richard Feynman, Nobel Prize winner from the States, conjectured that if you could build a computer that could use directly the properties of quantum mechanics, that it could provide you with unprecedented performance and be able to solve problems that you could not with a plain old computer that used classical physics. It was really this intuition, it was at a talk that he gave in 1981, that started the race to build the theory and the implementation around quantum computing.

If we fast forward 37 years, here we are: Quantum computing is in the news. It is all over the place. You have probably seen a lot of it. We have got Morgan Stanley, the big investment bank, covering it as one of the most important technology innovations. It is on the front page of the Economist. Google, IBM, Intel, all have robust quantum computing efforts. This news is blossoming all over the place. Some of it is even fake news. China has built the world's first quantum computer, and it is 24,000 times their competitors'. That is not true at all, but that is the way the media works. Sometimes there are falsehoods in there.

We are very excited to be in the middle of this storm. We, as a small Canadian company, we believe we are actually the leader, worldwide, in quantum computing. We are the first company, as Barbara mentioned, that has built commercial quantum computers, and we believe we have a significant lead over any of the competition. It is also fun for us to be here with the folks from UBC. We actually were formed at UBC. We were not quite technically a spinout of UBC, but we have had a long heritage with them and many of our folks have come from there back in 1999. We have been at this for almost 20 years. I think the fruits of that labour are starting to show.

The reason why quantum computing gets so much attention, I think, is fairly simple. Classical computing that we have all enjoyed, that has dramatically improved our lives and brought us this amazing power that we enjoy every day, is running out of gas, because of Moore's Law. Gordon Moore put together this set of laws, really, an observation on how the semiconductor industry grows and how the power of computing would grow over time. We are now approaching the end of that, largely because the line widths in these semi-conductors are getting so small, and the power consumption of these semiconductors that drive our data centres today are just completely overwhelming our ability to use that much power. You see data centres being put next to hydro-electric plants, for instance.

Quantum computing has the promise of providing a radically different approach. It is not focused on all of the problems in computing, but problems that are very, very complex. Computer scientists know these as NP-hard problems. If you look at the graph on the right-hand side here, classical computing performance, I think, will grow at a modest rate over time, but you are about to see this inflection point in quantum computing where it is going to surpass the capability of classical computing for these types of very hard problems.

I characterize it as we are very close to that crossover point, today. In fact, D-Wave has demonstrated—and our customers have demonstrated—that we can outperform the best of what classical computing does in what are called synthetic problems or benchmark problems. We are about to show that same advantage in real problems that show real return on investment for customers. Once that happens, quantum being more powerful than classical computing in a domain of applications, is going to be one of the most exciting things to happen in the computing industry for a very long time.

Let me talk briefly about what a quantum computer is. Barbara touched upon a little of this. Every quantum computer uses something called a qubit, a quantum bit. A quantum bit can be in 0 or 1, like a digital bit, the building block of classical computers, but it can also be in the superposition of 0 and 1 at the same time. This is a very hard concept for us to grasp, but it is an object, a bit in this case, that is in two states at the same time. That is a powerful capability that allows us to build these quantum computers that tap into the nature at this fundamental level.

The problem with quantum computing and why it is difficult to build is it requires a fairly extreme environment. To protect these chips that we build, you have to have a very exotic environment, with a very, very low temperature, 180 times colder than interstellar space. This is shielded with dozens of shields around it to create this magnetic vacuum in a very low-pressure environment. These environments that our system has inside of it are among the rarest, coldest, most pure environments in the universe, unless there is other intelligent life in the universe that we do not know about. That is why it has been hard to develop these quantum computers, and you are just starting to see them today.

This is our quantum processor. It looks like a chip. It is about the size of your fingernail, very similar in the way it is built as all semiconductor chips are, but it is a superconductor.

It runs down at these incredibly low temperatures. Really, what this is all about and the most important part of quantum computing is its capability to solve these very hard problems. These problems exist in every business in every industry. The way we sort of characterize the problems is broken down here. The impact for quantum computing will be in machine learning and something called 'sampling', which is drawing samples from a probability distribution, optimization, optimizing routes and logistics and things like that, and in material science, so in those four categories.

The three first categories, machine learning, sampling and optimization, are applicable to almost any vertical. Let me go through a couple of examples of applications that might help illustrate some of this. The first one is some work that we did with Volkswagen. This was done in Germany with a team from Volkswagen Research. The challenge there was to develop an optimization technology that would allow Volkswagen to optimize the routes for taxi cabs in Beijing.

Those of you who have been to Beijing know that this is a problem. They basically had this public domain data from taxicabs in Beijing and they built, together with us, an algorithm to run on the quantum computer to basically tell an individual taxicab driver to take a different route to smooth out all this traffic. They did this on the D-Wave computer, and the results are shown here. This is kind of a heat map of what the traffic typically looks like. On the right-hand side, you will see a flattened-out map where the heat map shows that the traffic routes are much less, or the traffic is much less. This was a test of whether this kind of technology could be of use in a production setting into the future. I believe Volkswagen has the intent of offering this as a service down the road, but this was a successful proof of concept, and it outperformed the techniques that they used to do this kind of optimization typically with Volkswagen. That is one example.

Another example, which is a bit fun, is with a partner of ours called QxBranch, and they used our quantum computer to simulate election modelling to do statistical analysis of an election. They picked an interesting election that just finished, which was the 2016 presidential election in the States. You know that most of the models were wrong. In fact, some of them had 99% chance of Hillary Clinton winning over Donald Trump.

The question is Where did these models go wrong? And could you build a model that would outperform the best of what these experts had built? This company, QxBranch, which is a partner of ours, set about building a machine-learning application using our quantum computer, to train a model to understand the dynamics of the election results in the U.S. Of course, they had the data that they could train these models.

They built this, and the result is they found that they were able to learn structure in the polls at least as well as FiveThirtyEight—this is Nate Silver's company, which is among the best in this sort of polling analysis, so they built this model. They found that it performed quite well, and it gave Trump a much higher likelihood of winning the election overall. Of course, the proof is in the pudding in whether this will be useful in future elections, but it was a very promising result. The company, QxBranch, really felt good about their model.

Those are just two very brief examples. There are hundreds of others that I would love to talk to you about. Quantum computing is going to change the world. It is not necessarily going to replace all of classical computing, and I think it is really going to be used in conjunction with classical computing, so classical computing and quantum computing, in a hybrid approach. Most of those resources today, from a classical point of view, are put in the cloud. The cloud is a very logical place to put quantum computing resources, and our goal is to provide these quantum computing resources to the world through the cloud, just like classical computing resources as well.

What that will bring is, I believe, better answers and faster answers, more accurate answers, and a better return on investment for companies that eventually wind up using quantum computers. But the exciting thing is, if you think about it, there will be a class of applications that you could not address any other way, unless you have a quantum computer, because there are computing problems out there that are very significant that are only addressable by quantum computers.

These could be things like modelling climate change into the future or developing better cancer drugs, things like that, things that are very impactful in human-scale problems.

Down on the bottom, you probably saw some applications that we have already worked on and for which we have early results. We call them 'proto applications', applications that are using this kind of capability.

To finish up, I really like this quote from Max Planck. He says, "When you change the way you look at things, the things you look at change." I think this is really true of quantum computing. It is a completely different tool. We want to put this in the hands of researchers, developers and business people around the world, so they can take advantage of this computational capability and improve their businesses and find the problem sets that are going to take them to the next level. Again, these are human-scale problems that I think are very important.

I am looking forward to the upcoming years when we are able to demonstrate this technology to the world and we continue to make progress in our business and find these applications that have wide-scale impact and big success. As a small, Canadian company, we are very proud of what we have done. D Wave, I believe, is one of the most important technologies in the world. It has just been a real honour of mine to be part of this company and see the progress that we have made, as a company. We have got a lot more to do and look forward to telling you about that another time.

Thank you.

James Olson

Thank you. Well, I have to say, I am absolutely thrilled to be here. Thank you so much to the organizing staff. Thank you, Bill and Wayne, for inviting me to give this presentation.

I am the new Dean of the Faculty of Applied Science at the University of British Columbia. This is actually only my sixth day in that role. I am absolutely thrilled that this is part of that sixth day.

I have to also say that following a presentation on quantum computing is a pretty tough gig to follow, but I thought maybe I would just start this presentation on the future of engineering education and talk a little bit, as a segue, about the story of Geordie Rose, who was a PhD student at UBC, who also was the founder of D Wave.

Geordie, for a long time, came back, and he always taught the first lecture in our Technology Entrepreneurship course, which he took when he was a PhD physics student. He came back and he taught that course, time and again, really to give the message that of all the courses he took—and of course, he took a lot of deep, technology courses in a PhD program in physics—this course on technology entrepreneurship was really the most important and most transformative course and event that he had taken in his life.

At that time, it was taught by a gentleman named Haig Farris. Haig was not only the instructor of the course, but also one of the first investors into D-Wave. I think the lesson there is that it is the courses outside of your main discipline that are really maybe the most important part of an educational experience in terms of creating exceptional people and extraordinary companies.

Before I go on with my talk, I did just want to spend a second to celebrate the Alumni UBC's 100th birthday with a little bit of video. I will play this video for you.

[VIDEO]

I love that video. There is a scene there of the students sitting on the grassy knoll outside of the student union building. I do not know if many of you are UBC alumni, but it does take me back to kind of the early- or mid-'80s, let us say, when I was a student there. I do invite you to come back to UBC: See our new student union building; see our new Alumni Centre. Please, feel free to contact me if you want to learn more about what we are doing in terms of engineering education. I would appreciate it if you would reach out.

What I want to talk about today or how I want to start is with the question of what is the discipline of engineering. The discipline of engineering is really around integrating a design thinking and the natural and formal sciences. When I talk about 'design thinking', the definition is really the creative strategies that designers employ in the development of products and processes, and, of course, science being chemistry, physics, math. Engineering, as a discipline, is an old discipline. At UBC, it is 100 years old. We are a founding faculty of the university. If we think back to what engineering looked like maybe 50 years ago, we would think of something stereotypical that looks like this. What do we see?

We see white shirts, black ties, pocket protectors, a male-dominated field. This era of engineering really had a strong focus on the sciences and mathematics and would have had much less focus on design, teamwork and creativity.

If we look at where engineering has gone, we see something: They are still having fun, but it is a little more colourful, a lot more diverse. What we have really done in terms of the changes in the engineering educational experience is we have really worked, over the last two decades, to integrate much more design thinking, much more creativity, much more partnership. And we have done so not by just adding courses on projects and adding things, but by really, fundamentally, weaving that through the entire educational experience. I think we have done that very well over the last year or the last almost two decades.

Now, it is a time to think of what the future of engineering is. If we look to what the future of engineering is, one of the things we know is that technology is going to be increasingly pervasive through every sector, whether that is the healthcare sector, whether that is the advanced manufacturing sector, whether that is resource extraction. We know that technology is going to continue to be pervasive. In fact, we hear and talk about every job being a tech job in the future. What we do not really appreciate is that the pace of technological revolution is only accelerating. If we look at where we are right now, we are in the middle of a robotics, additive manufacturing industry 4.0 revolution that will see the complete automation of manufacturing over the next ten years or two decades.

We are also in the midst of an artificial intelligence revolution powered by big data, powered by quantum computers that is going to change everything from the service industry to the retail industry, to the transportation of goods and people, and we are also in the midst of a huge genomics revolution. Technologies like CRISPR-Cas9 are going to change everything from healthcare and medicine to aging, but even to agriculture and to the production of chemicals and materials.

If you looked at any one of these areas, you could say each one of these areas would be world changing, job destroying, job creating, but when you look at them all together, you realize that right now we are in midst of an unprecedented rate of technological change like no other time in history.

What that has resulted in is just incredible demand increase in engineering as a discipline. If we look at here, here is the demand for engineering over other disciplines at UBC, but this is true in Canada and across the world. There is a tremendous increasingly demand for engineering. I would put it to you that if the future is every job is going to be a tech job, then the future of engineering really needs to look much more like the liberal arts degree of the 21st century. I guess what I mean by that when I talk about a 'liberal arts degree' is that 'liberal arts', as defined by Wikipedia, would really be the subjects and skills required by a free person to fully participate in civic life. With pervasive technology, the modern engineering degree may be just that discipline to provide that.

We know that if engineering is to become this liberal arts degree of the 21st century, it is going to have to change; it is going to have to grow, and it is going to have to transform. But it will still have, I think, at the core of its discipline, design thinking and science integrated together, which are kind of represented by our happy students in the centre of this circle.

Some of the things that we do really need to focus on are diversity and inclusivity. It is amazing, to me, that it is 2018, and we are still having a discussion on gender parity in engineering, given its importance in society. Engineering is unlike law, unlike medicine, which were all male dominated decades ago but have met gender parity and exceeded gender parity. But in engineering, currently, we have 13% participation in the profession from women. If we look at some of the data coming out of the World Economic Forum, at the current rate of change, we are going to see it is going to take another 100 years to reach gender parity.

At UBC, what we have done, and what we have championed, is a whole number of programs aimed at increasing the attraction and retention of women into the university, and we have set a goal of 50/50 by 2020. I am thrilled to say we have made tremendous progress. If we went back to 2010, we would have had 16% of our first-year class being women. In 2015, just five years later, we have reached 33%. One-third of the class is women coming into our program. I am also sad to say that we are going to fail to meet our goal of 50/50 by 2020. In the last couple of years, we have been flat at 33%, 32%, 31%. What we have done is we have invested in a national network of researchers, a $9 million research project over the next six years to identify and develop strategies to remove the barriers for women, not only being attracted into the university system, but being retained through the university system across the STEM disciplines and being attracted and retained into the profession.

We have also made investments into what is a fabulous outreach program to K–12, because we know that that is important. We call that program Gearing Up. It provides summer camps. It provides teacher education. It provides in-classroom activities. Last year, we had 17,000 K–12 students engaged in that program in 43 communities. Two thousand of those students were Indigenous students. It is a fantastic program. We would love to see that go national.

We have made tremendous progress inside our own house. I am proud to say that over the last three years, we have had 40% of our new assistant professors coming in who are women, who are going to be the role models of and the mentors for the next generation of women coming into the university and into the profession.

In addition to gender equality, we also know that engineering needs to include more business, more management, more leadership skills. One of the first projects we did a couple of years back was the development of a one-year, course-based Masters of Engineering Leadership Program in partnership with our good friends at the Sauder School of Business. The program brings deep technological pillars across nine different disciplines—important areas to society like clean energy, like software design, like advanced manufacturing, and it brings that with a platform of business management and leadership skills.

We also know that we need to really include more policy, more community engagement, more decision-making skills into that program. We are working with our policy school, with our school of community in regional planning, to integrate that. That is under development. I would be happy to talk about that as we build out that programming.

We also recognized that cultural fluency amongst our students is increasingly important.

All markets, all companies, colleagues, are increasingly highly internationalized, so we have created a new program that we call the Coordinated International Exchange, which allows every student in third year to seamlessly take a term abroad in any one of our 17 partner universities, and we are growing those in three different continents across Europe, Asia and Australia.

We are also working on an increased experiential learning platform, and so we are going beyond the traditional engineering co-op to provide opportunities for our students to have an entrepreneurial experience during their summer terms or perhaps be involved in an infrastructure project with an NGO in Africa. They may also do a community engagement project with a nonprofit association in their own community.

We are also bringing more innovation and more entrepreneurship right into the curriculum. It is important to understand that whether you are going to go off and create a new company, or if you are just going to bring that spirit of innovation into a larger organization, UBC has created a whole host of support mechanisms for innovation and venture creation, which includes things like HATCH, our new technology incubator. But it includes as well our entrepreneurship program with things like Lean Launchpad, Venture Builder, and a host of entrepreneurs and residents. We have created a philanthropic seed fund to make early investments into our communities. We have created a partnership with the University of Toronto to bring a Creative Destruction Lab to the west coast, which provides a stage gate process for securing venture capital for some of these very early stage companies.

We have also, just this year, started an entrepreneurship minor, again in partnership with our friends in the Sauder School of Business, available to all engineering students.

We are also looking at gateway programs because we know that, in the future, your doctor is going to start life as an engineer; your teacher is going to start life as an engineer; your lawyer, your politician will all start life as engineers with the liberal arts of the 21st century. Things like our School of Biomedical Engineering provide opportunity for the students who go through this engineering degree and ensure they are prepared and meet all of the prerequisites for every Canadian medical school across Canada. Again, that is in partnership with our Faculty of Medicine. If we look, now, at engineering as the liberal arts degree of the 21st century, we really see, again, at the core, design and science as the core discipline, but, really, with all of these other attributes that are really aimed at future-proofing the current generation of students and the next generation of students against a rapidly evolving technology landscape.

We are also working to export this core discipline to export engineering skills across other disciplines of commerce, law, medicine, education. And we are working on new delivery methods to get those fundamental skills into those other disciplines.

I think I would just like to just leave you with one thought, and that thought is that engineering is evolving into the liberal arts degree of the 21st century.

It is really aimed at future-proofing this generation of students and the next generation of students against a backdrop of unprecedented technological change. I would just like to thank you for your attention. I will leave it at that.

BJ: When I spoke earlier about what a wonderful Director Bill White has been to the Empire Club of Canada, I was not saying those words lightly. He put together for us last year, for Canada's 150th birthday, a sesquicentennial series of events. This is the 10th and the last in those events. I would like our series sponsor, represented by Mike White from IBK Capital, as well as our two guests of honour to join me below and blow out the birthday candles in this final sesquicentennial event.

[CANADA'S 150TH BIRTHDAY CANDLE-BLOWING CEREMONY]

Note of Appreciation, by William White, Chairman, IBK Capital Corp. and Director, Empire Club of Canada

Madam President, distinguished Head Table Guests, fellow members and guests of the Empire

Club of Canada, I have the pleasure to express our formal thanks to our two key speakers.

Vern, as Chief Executive Officer of D-Wave, we believe your company is the most important technology company in the world. The digital world is changing rapidly. With significant change comes great opportunity. D-Wave is positioned to benefit from a huge untapped market immediately ahead. With the leadership of Vern and his team, we expect D-Wave to enjoy significant growth and revenue and accelerated growth at scale.

Fifty years ago, my wife and I, Gail, my brother, Wayne, and his wife, Barb, graduated from UBC in engineering. Last year, we celebrated 50th Alumni in terms of our schooling. We are absolutely delighted that Dean James Olson is in charge now of the Faculty of Applied Science at the University of British Columbia.

We got to know James due to his initiatives in transforming engineering education with the entrepreneurship programs. James has successfully managed significant change over the last few years in working with applied science students, faculty members and alumni. He has also reached out recently to companies in the U.S.—like Tesla, and, in China, Huawei, and many other corporations in China.

Today, we see how forging partnerships with institutions, companies, communities and individuals, especially, and those that involve high-tech and quantum computers, is transforming the future of computer systems and software as well as the future of education and engineering, especially. We are proud of the role that D-Wave Systems is playing now in the global development of quantum computers, and I would ask that each of you now join me in a special thank you to Vern and James.

Concluding Remarks, by Barbara Jesson

Without wonderful sponsors, like IBK Capital, these lunches that the Empire Club holds, would simply not be possible. Once again, I want to express a sincere thank you IBK as well as to our presenting sponsor, POET Technologies; gold sponsors Urbana Corporation, Peat Resources Limited, Cobalt Blockchain Inc. and UBC. Without sponsors like these, we simply would not be here, and we are so grateful to all of you.

I would also like to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world. Also, thank you to the National Post, as our print sponsor.

Although our club has been around since 1903, we have moved into the 21st century and we are active on social media. Please, follow us on Twitter at @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and on Instagram.

Finally, please, join us, again, at our next event tomorrow, March 7th, featuring our Women's Leadership Panel, at One King West Hotel. Thank you so much for your attendance, today.

This meeting is now adjourned.

The Empire Club Presents

WOMEN WHO LEAD PANEL *FEATURING:* TERESA RESCH, CAROLINE RISEBORO, PHILIP GROSCH IN CONVERSATION WITH NICOLE FOSTER

Welcome Address, by Barbara Jesson, President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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March 7, 2018

Good afternoon, ladies and gentlemen. From One King Street West in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting.

Before our distinguished speakers are introduced today, it gives me great pleasure to introduce our Head Table Guests. I would ask each Guest to rise for a brief moment and be seated as your name is called. I would ask the audience to refrain from applauding until all of the Head Table Guests have been introduced.

HEAD TABLE

Distinguished Guest Speakers:

Mr. Philip Grosch, Partner and National Leader, PwC Canada
Ms. Teresa Resch, Vice President, Basketball Operations & Player Development, Toronto Raptors
Ms. Caroline Riseboro, President and Chief Executive Officer, Plan International Canada

Guests:

Ms. Megan Boyle, Director, Public Affairs, Red Bull Canada; Director, Empire Club of Canada
Ms. Celina Caesar-Chavannes, Parliamentary Secretary to the Minister of International Development
Ms. Catherine Charlton, Member of the Ontario Status of Women Council, 1975; First Female Manager at Ford, Canada; First Female President of the Empire Club of Canada (1984–85); Former Executive Director of ProAction Cops & Kids
Mr. Chandran Fernando, Principal, Matrix360
Ms. Nicole Foster, National Chair, Equal Voice
Mr. Don Manlapaz, Vice President, Development, Forgestone Capital
Ms. MJ Perry, Vice President and Owner, Mr. Discount Ltd.; Director, Empire Club of Canada
Mr. Chadwick Westlake, Senior Vice President, Structural Cost Transformation & Lean, Scotiabank; Member, Scotiabank Inclusion Council

My name is Barbara Jesson. I am the President of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests. We are also very delighted to welcome a group of students from Ryerson who are attending with the generous support of Coca-Cola Canada. Students, welcome. We are always delighted when we can have you with us. Where is our group of students? Please, stand and be recognized.

As I began to think about our panel, today, I reflected back on my own first introduction to the Empire Club of Canada. It was not quite back in the dark ages, before women were admitted to these lunches, but it might have been before the first woman served as President. Along with another colleague, I had been invited to an event at the Royal York Hotel. We arrived in our best business suits to join what was then a predominantly male audience. It certainly never occurred to me, then, that one day I might be back here at the podium as President marking International Women's Day.

Jump to today and we, at the Empire Club of Canada, are very proud to have 12 women on our board of directors, all of them accomplished senior leaders at some of Canada's top organizations.

I arrived in Toronto as a young woman, ardently committed to women's issues. My generation was part of that wave of feminism that followed the sexual revolution of the '60s. They were heady times. Like many others, I joined the Ontario Committee on the Status of Women, meeting in kitchens and living rooms after work to discuss issues and plot strategies. In preparing for my remarks, today, I did try to do some research to remind myself of some of our activities and achievements. I confess, it gave me a bit of a start to find the committee listed on the Canadian Heritage database. It appears that we have been archived. That was a bit traumatic. For those of us who fought so earnestly for the right to enter Canada's boardrooms, the right to control our bodies, for the rights in family law, it seems now to be such an innocent time. The issues, today, seem so complex, compounded by the needs of immigrant women, Indigenous communities and a growing revolution in health sciences and technology. For all of these reasons, I am just delighted to host this panel of leading women and men in Canada in acknowledgment of International Women's Day.

With us is Ms. Celina Caesar-Chavannes, as I have mentioned. She is Parliamentary Secretary to the Minister of International Development. Ms. Caesar Chavannes is a successful entrepreneur and the recipient of both the Toronto Board of Trade's Business Entrepreneur of the Year for 2012 and the 2007 Black Business and Professional Association's Harry Jerome Young Entrepreneur Award.

With her is Philip Grosch, a Partner and National Leader in the Digital Services Consulting practice at PwC Canada. He is the founding sponsor and champion of PwC's innovative leadership program called Women in Leadership, which is targeted at top talent and, particularly, women. He is a board member of WNORTH, a boutique conference for top and aspiring women business leaders.

Also on our panel is Teresa Resch. In her fifth season with the Raptors Basketball Franchise, Teresa was promoted to Vice President, Basketball Operations & Player Development in August 2015. Prior to that, she worked with the NBA assisting the International Basketball Operations department in operating Basketball Without Borders Camps on four different continents, and, in the process, established the first camp to feature women campers.

Our fourth panelist is Caroline Riseboro. Caroline is the President and Chief Executive Officer of Plan International Canada, the leading NGO in the country, which advances the rights of children and equality for girls. In 2017, she was recognized as a Canada's Most Powerful Women Top 100 Award Winner. She received the Bronze medal in the Woman of the Year – Government or Non-Profit category at the Stevie Awards for Women in Business.

Our panel moderator is Nicole Foster, Head of Amazon Web Services Public Policy in Canada. As Equal Voice National Chair, she has served on the board of directors since 2015. She is an active volunteer with the Historic Daughters of the Vote Program. She served two terms as President of the National Women's Liberal Commission, and on the Liberal Party of Canada's National Board of Directors.

A very prestigious panel joining us today. Ladies and gentlemen, I now welcome Celina Caesar-Chavannes to the podium to offer words of welcome.

Ms. Celina Caesar-Chavannes

Good afternoon, everyone. It is an absolute pleasure to be here this afternoon. Before I begin, I would like to acknowledge the traditional territory of many Indigenous nations with a special recognition to the Mississaugas of New Credit First Nation.

On this, the celebration of International Women's Day, it gives me great honour to be here on behalf of the Minister of Status of Women, Maryam Monsef. Today, we join Canadians across the country and around the world, celebrating women's contributions to our country and the common purpose we share in advancing equality, together. It is an honour to be here with you on a very important day.

This year's International Women's Day theme is 'My Feminism'. It recognizes the role that feminism plays in bringing about positive change here in Canada and internationally while building a more equal, secure and prosperous world. My Feminism is inclusive. It is about equality for all women and people of all genders. It is also intersectional. It is about empowering women and girls and people of all genders, no matter the complexity of their experience to speak up and to make their voices heard. I know that many of you in this room know that I am no stranger to speaking up on a lot of issues that are critically important to ensuring that this country remains as prosperous for everyone as possible.

Most importantly, My Feminism is about possibility, because when we work together and truly value what we bring to our country and to the world, there is no limit to what we can achieve. The good news is that on this path to equality, we have made significant progress as a country over the last 150 years. Much has been achieved by working together, but there is still a lot that we need to do. Today, we stand on the shoulders of many generations of women, activists and advocates, many of whom are in the room today, who have turned so-called women's issues into issues for all Canadians.

Now, it is our turn to build on their success, to leverage the momentum created over the past year by #MeToo movements and global women's marches. The question we face now is to seize the possibilities of the movement to create promising futures for women, young women, and girls.

The Government of Canada prides itself on its leadership, its policy and the resources we have put behind this movement. We recognize that leadership is critical, and I am proud that Canada is being recognized around the world on its gender equality. Through a growing list of actions, the federal government is playing its part and leading by example.

Our feminist agenda includes appointing a first gender-balanced federal cabinet; announcing a first federal strategy to address gender-based violence; enhancing the use of gender-based analysis by federal organizations; increasing the diversity of over 4,000 senior federal appointments; using the comply or explain approach to increase diversity on corporate boards; and incorporating the first full gender statement in last year's federal budget. And in Budget 2018, we built on that. Canada's theme for International Women's Day reflects the government's feminist agenda. This agenda is also reflected in our budget, which focuses on gender equality as a driver of economic growth and strengthening the middle class. Budget 2018 supports the federal government's people-centred approach and is guided by new gender results framework. This GBA+ legislation will be enshrined into all budgets going forward.

Budget 2018 also commits $100 million over five years to the Women's Program at the Status of Women Canada. This new investment will support projects to end violence against women and girls and prove their economic security and prosperity and advance women and girls into leadership and decision-making positions. As well, Status of Women Canada will finally be made an official department within the government, strengthening its capacity to apply the gender and diversity lens to all programs.

The Budget also included measures to help improve women, economically, through a women entrepreneurship strategy that ensures an EI parental sharing plan that allows both men and women to participate in growing our children. We are strengthening the Canada Child Benefit, which helps more families who need it the most, such as those who are single mothers. In 2017's fall economic statement, we indexed these benefits to keep up with the cost of living. This is very good news for families.

We also know that Indigenous peoples, in particular, those who live in remote Northern communities face barriers when it comes to accessing federal benefits, such as the Canada Child Benefit. To help Indigenous peoples access the full range of social benefits, the Government of Canada is providing investments of $17.3 million over three years to expand outreach to Indigenous communities and conduct pilot outreach activities for urban, Indigenous communities.

This is what we are doing domestically, but, on the international stage, our leadership is well known and recognized. Our commitment to ensuring that equality and the empowerment of women and girls are placed at the centre of Canada's G7 presidency in 2018 is critical. We are working to mainstream gender equality across the work of the G7, including as part of all government-to-government engagement by ministers.

Canada, last year, was elected to be a member of the United Nations Commission on the Status of Women to help shape the Commission's work going forward. Of course, in my role as Parliamentary Secretary, we have put in place Canada's Feminist International Assistance Policy, which focuses on the empowerment of women and girls as we look to build a more inclusive, peaceful and prosperous world because we know that we cannot do so while leaving 50% of the population behind.

Ladies and gentlemen, feminism is a call to action for everyone who believes in gender equality, and it cannot happen without you. You could inspire others by using the hashtag #myfeminism to join the conversation. Use it to tell us what feminism means to you, to share stories about how you are helping to advance equality in your communities and beyond. You can be an inspirational role model or a mentor by sharing your experiences in business, government and nonprofit organizations. At the end of the day, every action matters, whether large or small. It will move our communities and country closer to a healthy, respectful society that we want.

Ladies and gentlemen, I cannot leave this stage without acknowledging that over the past few days, it has been particularly challenging for myself in the role that I have. I have heard individuals say that I might be a one-term MP because I continue to speak up about issues. I accept that. I accept that, because my feminism requires me to be bold. It requires me to have uncomfortable conversations and to speak my truth. It requires me to smash and challenge the status quo, but my feminism is not for everybody. Not everyone likes black coffee, no sugar, no cream. I implore you to be bold in your definition of your feminism. We have an army of young girls and boys here in Canada who are expecting no less from you. Thank you.

BJ: Thank you so much, Celina. That was very inspirational. I would like to now ask the rest of the panel to join us, to enter into our discussion. Nicole, I think you will be supervising, directing, managing and making sure that they stay on track.

Teresa Resch, Caroline Riseboro, Philip Grosch in conversation with Nicole Foster

NF: Wonderful. I will just say thank you to everyone who is here, on behalf of the panel here. My name is Nicole Foster. We are really excited to see such a full room here to celebrate International Women's Day for 2018.

The organization that I am a very, very active volunteer, passionate volunteer with is Equal Voice. What Equal Voice does is really advocate for the election of more women. It is multi-partisan, which carries its challenges with it, as you can imagine, but one of the things that we really feel strongly about is that having women in positions of power and influence in our government is supremely important in terms of advancing the cause of women. Women, like Celina, are part of what inspires me.

I have always been looking for examples of leadership. Twenty years ago, there were very few examples of female political leadership, particularly at that national level or that international level. I particularly wanted to ask Teresa, because you were in such a unique field for a woman, and you are really leading in that organization: Did you have role models that inspired you in the world of sport?

TR: Before I answer that question, I want to say thank you so much for inviting me to be here. I am not from Toronto, originally, so the Empire Club is something brand new to me. It is great to learn a little bit about what this organization is about, and be in a room full of people that—you know a lot of these faces I have not really seen in a front office of an MBA team before? It is great to have a broader audience, and, hopefully, we have a lot of Raptor fans in here, though, so maybe at the ACC. Oh good, friendly audience.

I think you always have role models, definitely, that you look up to. Growing up, I played sports. I grew up in a very small town. There was only about 1,200 people. As a 6-foot-tall woman, you are obviously playing all the sports, even if you are good or not. My first kind of role models were at that level, so I mean my coaches and the people that I played for. I did not really think of a national, much less international scale. As I have gained a greater world view, those people, those mentors, those inspirations, have also become bigger.

I think, honestly, the biggest inspiration has never really been women. It has been, really, men, because those are the people filling those roles. Now, I hope that having that opportunity to be a female in the executive position on an MBA team, and, really, very, very few, people actually see women in those positions, and maybe there is a little boy who aspires to be me. That is what I hope.

F: Absolutely. Caroline, in the work that you are doing at Plan International, maybe you could just give us a little bit of insight into sort of the things that you are working on at the organization and what is sort of front of mind for you right now at Plan International.

CR: For a bit of background, Plan International is one of the largest NGOs in the world. We work specifically on children's rights, and especially equality for girls. We are pleased to be working around the world in about 73 countries, but also here in Canada with Canadian youth.

What is top of mind right now? I think we have all heard of the #MeToo movement and have actively engaged in it. I think what we are seeing is a real tide of momentum behind gender equality, not just because it is good for women and girls, but because we realize that gender equality actually helps entire societies move forward. We are really working around the world on something called gender transformation. What is that? It is not only changing the condition of women and girls, but it is changing their social position. For instance, for many years, international development organizations have gone into different parts of the world; we have built schools, we have helped facilitate and strengthen health systems, but we were not seeing the needle move. Why? Well, because if a girl is not valued enough for her to be sent to school, you can build as many schools as you want, but you are not really making change. What we are doing is actually working at all levels of society: government, community, and even the beliefs that individuals hold to increase the value of women and girls around the world.

Just to finish the question, not only are we doing that around the world, but we realize there is work to be done here in Canada as well. We work with Canadian youth to overcome challenges that they face, and they are significant. This statistic bothers me. We polled girls, teenaged girls; 66% of them say that they feel their gender still negatively influences their academic and career choices. We are also doing that work here in Canada, and there is lots of work still to be done.

NF: You mentioned #MeToo. There was no way we were not going to talk about that today. What I have seen in some of the articles has really been people starting to talk about not just how this is impacting women, but the role that men can play in really having a constructive role in a positive way. I just, first of all, want to say it is really great to have some men here celebrating International Women's Day with us and having this conversation today as well.

Philip, you have a fantastic story to tell, I think, about not just what your organization is doing, but also, I think you came to this very uniquely. Maybe you could talk a little bit about how you have come here and maybe a little bit about what you have learned and what you are doing at PwC.

PG: Great. Thanks a lot. I will echo that I appreciate the opportunity to be here. I do think it is important to have men in part of this conversation because I think to have a conversation around gender equality where you only have one gender, obviously, does not get us there.

It also gives me an appreciation of what a lot of times my female colleagues go through when they are sitting as the only woman at a table with a lot of guys.

I can tell you the first couple of times I did it, it was a little bit uncomfortable, but I am getting more comfortable at it.

I think that our story has got a great sort of momentum, but, as we began, we had done a lot of work around trying to solve the problem. We had started with what I would say is high-level conversations. Gender quality is important. Over a period of time, in reality, we were not really making a big impact. I think the reason behind that is there will be a small portion of an organization who buys into that at a conceptual level, but the reality is you have unconscious and conscious bias inside organizations. What we then started to do was to turn the language into "This is a business imperative," and it is for us, and, I would say, for all organizations, it is all around talent.

We started to break it into here are some simple facts. As PwC, we hire at our intake level, 50/50. In fact, in some years, we saw 52 men and women. The reality is, when we start getting to the mid-career point, which is about five to seven years in, we start losing top talent women at a significantly greater rate than in male counterparts. That varies in our different lines of service, but then the end result is when you get to our executive ranks, which is partners. Today, we are about 72% male partners. We use that as the foundation that says we hire the best and brightest and incredible talent, and we put this effort and energy in, and then we lose that. There were deep perspectives on all the reasons why they leave. I would say that we have proven that all of those points of view that people have are actually wrong because we now have role models across every perspective of—and the common one is this is the time you are going to start a family.

We have lots of senior leaders who have shown that with the right support, that actually can be overcome. We took that, and we have built this amazing program. We have just finished our fifth year. We do not have the problem of explaining to people why this is important for two reasons. One is we have got the numbers. We can show that the retention of these amazingly talented women who have gone through the program has increased significantly. The number of our partners who are graduates of the program is increasing, and about 60% of our partner pipeline, the women segment of that partner pipeline, are graduates of the program, which puts us on course to the goal that our CEO set, which is we want to have our new partner class of 2020 to be 50/50.

That is what we have done. It has been an awesome experience. I have some of my teammates who have really helped make this program come together. I think, yes, we are proud of it, and we are making an impact.

CF: That is amazing. You mentioned mentorship and sponsorship, which we hear a lot about. We hear how important that is for women in terms of really advancing their careers. Because of #MeToo, I have started to hear some of my male colleagues talk about backing away from developing any kind of a more professional, close relationship to their female colleagues. I am just wondering if others are hearing that as well in terms of your world.

Caroline?

CR: I think whenever there is a social movement that is pushing to progress, pushing to challenge the status quo, pushing to make real change happen, there is always some inertia that comes along with it. I would say I am not surprised. I was speaking last week on this same topic, and we opened the questions up to the audience. There were many men in the audience, and this young gentlemen came up to the mic and said, "I hear what you are saying, but what if I just want to tell a woman that she is looking nice today or that she is beautiful? Now, I am feeling like I cannot even do that anymore." I think that is a valid point. I understand where he is maybe coming from, but the reality is that women and men, in some cases, have these years of systemic discrimination simply because they were women or simply because they were girls. I think, yes, we are going to hear comments like that, but we have to get back to the ultimate goal, which is trying to create a society that is more equal so everyone can realize their full human potential.

We know that we still have lots of work to do around the world and here, in Canada. Globally, if we just had 25% more women participate in the workforce, we would increase global GDP by over $5 trillion. We want to solve our economic woes, help develop policies that allow women to participate. In Canada, if we can get women participating equally as much as men, we know that we would increase the economy by $500 billion. Again, these are the end goals that we need to keep in mind because, ultimately, this benefits men and women.

I hear the comment, but I do think we have just got to keep pushing forward.

F: Teresa, do you have anything you wanted to add?

R: I think with the #MeToo movement, in sports, especially, I know there are just so few women working in sports, I think what it has done is it has given a voice to those people who maybe could not or felt like they could not say something. You talk about being in a room and being the only man. I do not think I have ever been in a room that has had—a lot of times I am the only woman, so I think you kind of just start to get comfortable in those positions. I think maybe, more than anything, it has made everybody—I can say this, especially, as a female in a very male-dominated industry—not let some of those things slide that maybe they did before.

I think a lot of it is just unintentional. I know that we had a big town hall before the season started to make sure that our staff was all aligned. I am very proud to say the Raptors have eight women working directly with the team on the Raptors' side and a few more on the 905 side—our minor league team that plays in Mississauga. We are well represented. As crazy as that sounds, we have eight out of 45 people, but we definitely have the most women working directly with the team throughout all of NBA. I do not know the stats, but I would go to say probably in professional sports.

I had a chance to say, what happens a lot is sometimes people get very passionate, and they have choice words that they want to share. What would happen, sometimes, is they would say, "Oh, well, I am sorry, Teresa, I did not mean to offend you," or they would say that to another woman in the room. I had to say, "You may think that you are being sensitive to me, but, ultimately, you are pointing me out because I am different." I do not think anybody in that room had ever seen it that way. I think it is never intentional, but it has given people a voice to say something that maybe they felt, and maybe point out some of those unconscious biases that happen. I think, personally, when you talk about the #MeToo movement, I see that is the effect that it has really had in a very specific way with the Toronto Raptors.

NF: Philip, I know that you are a really passionate coach for the group that you mentor or work with at PwC.

How do you recruit others to this cause?

PG: I think maybe I will sort of build upon the question around sponsorship because there is no question that the key to success is sponsorship. There are very few people that you will ever meet who would say I have got to where I am without sponsorship. Then, you have got the second fact, which is that women tend to be over-mentored and under-sponsored. That probably can be easily explained by that we still have a male-dominated corporate America. McKinsey, in their annual report, actually called that out last year.

I think the #MeToo movement does have potential, but I think you have to just get over that, because—and what we have done is two things. One is we actually inform and educate the folks on our program around how you earn sponsorship. Then, the second thing we have done is we have done a lot of work around raising the awareness around why sponsorship is important. Then, we ask people to sponsor someone. We do not tell them who it is because we do not believe you can actually assign somebody because our experience has been that does not work. If you say go out and find someone that you believe in, you see what they have and sponsor them, and then tell us how it is going, and that grassroots movement is really how we are doing from the bottom-up approach.

We have also used the HeForShe movement to rally a lot of our male partners and senior leaders to actually get with the cause and to say we are going to sponsor someone. The other one, in the spirit of unconscious bias, is actually when you see unconscious bias, do not confront it, because it is unconscious, but engage in the education. Where people start to do that, we have actually seen the change in the conversation.

Once you get some momentum, it is almost like a snowball effect: More and more people get on board, and you can see this is how you solve the problem. I am really confident that—and especially in Canada—with this quest for gender equality, we can absolutely get there and, in some ways, if we, as Canadians, cannot get there, then the rest of the world has a real big problem.

CF: I cannot believe we are nearly out of time, because this has gone so fast. I think maybe as a final question I will ask all three of you to give a little bit of wisdom or a little bit of advice that you can share with the audience, either a strategy that you have used to advance your own career or something that you have seen another woman in your organization or outside of your organization use to increase her profile in the organization and increase her career. Maybe we can just share a little bit of wisdom with the other women in the room before we wrap up. Do you want to go first, Caroline?

CR: Sure. I get the hard question first. We can talk about mentoring a lot. I do agree. I do think women are over-mentored. I constantly hear from women, "Please, suggest a mentor; be a mentor." I think there is some benefit in that, but it is almost like we are trying to use it as a bit of a silver bullet. Then there is sponsorship, but the challenge with sponsorship is that it is not really within our own control. Again, we are still sort of hoping that a man in power might sponsor us.

My recommendation and my advice is, I think we underestimate courage. I will tell you this: If you want to be in a senior-level role, you have to practice courage along the way because you are going to be required, if you are going to change the status quo, to make some very courageous decisions that go against the grain. You cannot start to learn how to be courageous once you are in the senior role. You need to learn how to be courageous along the way. In fact, that is what is going to get you there. I say courage is not the absence of fear; it is doing it despite fear.

Question to the women in the group: How many of you have tried to do something this year that is courageous that you thought 'This might just get me fired'? People laugh at this question all the time, but it is so important because it is really when you are at that pivotal moment where you are thinking this may not work or this may work. You are actually starting to produce real change. So, I say step out in courage. Try things along the way. Take risks. These are the things that will advance your career, that will get you noticed, that will give you profile, because there are not a lot of us that are willing to really go against the grain. Leadership is oftentimes about sacrifice. It is about going out there first and oftentimes being the one who is starting the change, despite the fact that there may be others that want it, but you are the one that is willing to go out there and potentially even sacrifice yourself in the quest to challenge the status quo.

Again, courage is so critical. Practicing that courage builds resilience. You need resilience if you are going to change the status quo.

NF: What is your advice, Philip?

PG: I will build upon that and maybe sort of the topic to the guys in the room because I agree with you. I think that is absolutely required. In order to make that courage turn into something productive, you actually need to have a sponsor who, when that individual who may have pushed a little bit too hard and broken some glass, and then the conversation happens behind closed doors, that is where the role of the sponsor comes to play. The sponsor stands up for that individual and says, "Just because you do not like the fact that that young woman is being aggressive—which, by the way, if she were a man, you would say 'awesome'." Sponsors stand there and say, "Enough of that." I think all the guys in this room should basically leave and say that if you are not sponsoring somebody, you should figure it out. Find someone. My experience has been you actually get more out of the relationship than the person that you are supporting because, in this quest towards understanding how we actually work together and collaborate, it has been an amazing learning experience for me. That is why I always look at it and say I am not sure that they actually got as much benefit as I did. I would leave it at that. Sponsor someone.

R: I am going to sound like a broken record, but the two things—I wish I would have gotten to go first, now—I was thinking of is really, number one, do not eliminate yourself. I think it kind of goes with courage. I know I am guilty of it. I have done it throughout my career. I have eliminated myself from a position, from a promotion, from going after something before anybody stood in my way, unfortunately. I read Lean In. We do that to ourselves. It is a trait of women. We have to stop doing that. Do not eliminate yourself, whether it is an opportunity in the career or your personal side. Let somebody else stop you before you stop yourself. We have enough barriers to get over; we do not have to be our biggest one.

The second thing—and it kind of goes to what you were talking about with sponsors—is we have to have advocates for the advancement of women. You have to be an advocate for those people that you know that need a little extra push, who maybe you have seen them eliminate themselves, and you tell them to go forward. Unfortunately, to get to the very senior levels, a lot of times those decisions are made behind closed doors, and it is still all men there. Ask how you are making sure that women are being talked about in that conversation.

You never know unless you are in that position. I know, in our conversation at the Raptors, when we are hiring new people, I will not say women are always in the conversation, but if there is a qualified woman who can do the job, absolutely, she is in the conversation.

I think that is really, really important that there is a voice there and that there are advocates for the advancement of women. I think being a sponsor is pretty much the same thing. I just reiterated what you both said. Thank you.

NF: I am officially two minutes over time. Please, join me in thanking this fantastic panel. Happy International Women's Day!

BJ: I had hoped we would have a few minutes for questions, but we are out of time. I would like to ask Mr. Chandran Fernando, of Matrix 360, to thank our speakers.

Note of Appreciation, by Chandran Fernando, Principal, Matrix 360

Good afternoon. I am Chandran Fernando from Matrix 360. I am the founding and managing partner of our organization.

Firstly, I would really, sincerely, like to thank you for attending this important conversation this afternoon. At Matrix 360, we speak, breathe and live diversity and inclusion every day. Our platform is built on purposeful leadership. For 17 years, yes—I look like I am 25—Matrix has laid the foundation for diversity and inclusion in the commercial real estate industry and development sector as well across Canada.

We are partners and champions of progressive growth for people and business.

It is with great privilege and honour that I stand here with you here today. You see, today is a conversation that strikes a major chord in my DNA—gender parity and female leadership. Women have continued to shape, guide and inspire me to the man that I am today.

As a male, I strongly believe that it is integral and key that I use my male voice to elevate the importance of female leadership in all capacities. I say 'female', because what Caroline mentioned, it is about girls and women. We cannot forget about our young girls who are in the system of our society, of our ecosystem.

I salute all the women and men who have come before me today. More importantly, I would really like to acknowledge the executive board committee and staff at the Empire Club for your unconditional dedication and commitment. Your thought leadership is much appreciated and welcomed. Thank you to all.

Finally, to our distinguished panelists, your Intel, your perspectives and further commitment to spotlight the importance of female leadership in our everyday society is very important, and I thank you.

Lastly, if I may leave with you one thought and one call to action this afternoon it would be that it is time to acknowledge and be mindful that diversity is a fact, and it is not an emerging trend. Inclusion is an intentional action, and belonging is the outcome that we all must strive towards. The call to action, as you all are here and you are now more in the know after today's conversation, I ask that you consciously ask your leaders, your peers, your community, your male colleagues and female colleagues and yourself, how you are able to build an inclusive society and live the reality of being Canadian and global citizens, as we are a nation of diversity and inclusion, and we must embrace and cherish this every day of our life.

I thank you from the bottom of my heart to your hearts, and, please, continue to be inspired and push and challenge and be courageous and take the risk and ask your leaders and your peers What are we doing to make Canada a more inclusive and progressive society? Thank you, again.

Concluding Remarks, by Barbara Jesson

I hope you all found this luncheon as inspiring as I did. I do want to say a special thank you to Megan Boyle, the Empire Club Director who made all of this come together for us. She had some formidable competition. You may have heard that the prime minister is in the city today, so I am very impressed with the way that she has pulled our program together. We all owe her a great debt of gratitude. Thank you so much, Megan.

I also want to express a sincere thank you to our generous sponsors for making this event possible: Matrix 360, Scotiabank and Coca-Cola. Without sponsors, we could not hold these kinds of forums that I think are so important to the public dialogue. We are sincerely grateful to all of you for helping to make that possible. Thank you.

I also want to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world. Also, thank you to the National Post, our print media sponsor and to Toronto Life, our media sponsor. We are just delighted with that partnership. Jessica is with us, today, so we are very grateful.

Although our club has been around since 1903, we have moved into the 21st century and we are active on social media. Please, follow us on Twitter at @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram.

Finally, please, join us again soon at our next lunch, this one on March 9th— this is a banner week for us—featuring Josh Blair from TELUS right at this location, One King West. Thank you so much for your attendance, today.

This meeting is now adjourned.

The Empire Club Presents

**JOSH BLAIR,
EXECUTIVE VICE
PRESIDENT, TELUS HEALTH
& CHIEF CORPORATE
OFFICER, TELUS**

WITH: CREATING HEALTHIER COMMUNITIES IN THE DIGITAL AGE

Welcome Address, by Barbara Jesson, President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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March 9, 2018

Good afternoon, ladies and gentlemen. From One Kin Street West Hotel in downtown Toronto, welcome, to the Em pire Club of Canada. For those of you just joining us throug either our webcast or our podcast, welcome, to the meeting.

Before our distinguished speaker is introduced today, gives me great pleasure to introduce our Head Table Guests I would ask each Guest to rise while your name is called, an then remain standing. I would ask the audience to refrain fro applauding until all of the Head Table Guests have been intro duced.

HEAD TABLE

Distinguished Guest Speaker:

Mr. Josh Blair, Executive Vice President, TELUS Health; Chief Corporate Officer, TELUS

Guests:

Dr. Doug Austgarden, Chief, Department of Critical Care, Royal Victoria Regional Health Centre
Ms. Janet Grove, Managing Partner, Norton Rose Fulbright, Vancouver Office
Ms. Mary Jo Haddad, Corporate Director at TELUS and TD Bank Group; President, MJH & Associates; Past President and Chief Executive Officer, Hospital for Sick Children

Mr. Andrew Morrant, Key Account Director, Oracle Corporation
Mr. Orestes Pasparakis, Partner, Norton Rose Fulbright Canada LLP, Toronto Office
Ms. MJ Perry, PhD Candidate, Theology (University of Toronto); Vice President and Owner, Mr. Discount Ltd.; Director, Empire Club of Canada
Ms. Andrea Wood, Senior Vice President, Legal Services, TELUS; Past President, Empire Club of Canada

My name is Barbara Jesson. I am the President of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

The smartphone has been one of the disrupters in the digital revolution. Somewhere, recently, a journalist reported on trying to explain to her young son about landlines, rotary dial-up and rural party lines.

It is hard to remember that the graduation from cellular phones to full-service handheld personal computers with integrated broadband, cellular network connection for voice, SMS and internet data occurred just over a decade ago.

Smartphones largely fulfill their user's needs for a telephone, a digital camera, a video camera, a GPS navigation system, a media player, clock, news, calculator, web browser, handheld video game or flashlight, compass, address book and so much more.

Our speaker, today, comes to us from TELUS, one of our national telecommunications companies that provides the network that makes all of this possible, unleashing the power of the Internet to deliver services to Canadians at home, in the workplace and on the move. TELUS business activities do not stop there. In addition to voice communication, Internet access, video computing and IPTV, TELUS also is a leading player in advancing healthcare information management so critical to better integrated patient support.

Josh Blair is the Chief Corporate Officer at TELUS where he oversees TELUS Health and Payment Solutions, as well as TELUS Employer Solutions, a leading provider of innovative human resources. He is the Chair of TELUS International and leads the TELUS Internet of Things team.

Clearly, Josh has a lot on the go. If all of that is not enough, he oversees TELUS Ventures, a team dedicated to investing in promising start-up companies with innovative technology solutions.

Josh serves on the Board of Governors and Executive Committee for the Business Council of British Columbia and the Governors Council of i-CANADA. As a strong supporter of TELUS's commitment to give where it lives, he serves on the Board of directors for the Sandbox Project and the board of Advisors for the Cures for Kids Foundation. He is also Vice-Chair of the TELUS Vancouver Community Board.

Before we welcome Josh to the stage, we are going to watch a brief video from TELUS Health.

[VIDEO]

Josh Blair

Thank you, Barbara. All right, who here is a parent? Let us see if you can relate to my story. I remember I first became a dad at the age of 28. I remember my wife and I driving home and our little boy, about this big, I think, was in the backseat, buckled into his car seat. I think I was driving home at about five kilometres an hour, maybe six. I remember thinking to myself over and over, “I am freaked out; I have no idea what to do, how to raise this child. What am I going to do next?” It would have been so wonderful, back then, to have something like this free Baby Health app that we have now rolled out where I could go to for education on how to raise our newborn, where I could record immunization history, or just milestones that our new son was going through as he was growing up.

I feel so lucky now that I am in a role at TELUS where I have the opportunity to bring healthcare technology and advancements to life. What I have realized over the past few years, and what I want to talk to you about today, is I have learned technology advancements in healthcare are only successful when they are underpinned by both innovation and collaboration.

Take this free Baby Health app, by way of example. The innovation comes in the form of this digital app, online education, the ability to record immunizations, have a personal health record for your newborn throughout their life as they grow up. The collaboration comes in the form of we partnered with a company called the Baby Box Co. What the Baby Box Co. does is they work off a Finnish tradition, and this Finnish tradition is to provide a box full of baby supplies to new parents to help them through their first few weeks with their newborn. They also provide a box that doubles as a safe sleeping bassinette for the first few months of the child's life. We all know how important that is. You have that nice combination of innovation and collaboration.

Let me hit pause for just a moment on this speech because, when Barbara introduced us, she talked about the telecom industry and all the changes in the telecom industry, and you may be thinking to yourself right now—and it would be a good question—"Why is this guy from TELUS, the telco that we think of around cute critters and all of that, up on the stage and talking to us about healthcare?" As I said, it is a good question, but the answer is quite simple. Much like the Empire Club, our roots go back well to the 1900s, even the 1800s. Over that time, our main objective, as a business, has been to transmit and store data and information on a secure and reliable basis. That is exactly what we are doing in the healthcare space, too, but we are trying to go a step further, and we are trying to provide better health information to the point of care, so the right decisions can be made either by the healthcare professionals or by the citizens themselves so that you can get better outcomes. Ideally, those better health outcomes come with less money spent in the healthcare system.

To this end, at TELUS, we have invested approximately $2 billion over the last decade to build our suite of healthcare solutions, so electronic medical records for doctors (EMRs, for short); pharmacy management systems; benefits processing for insurers, for dentists, for extended healthcare professionals; solutions for citizens, you name it.

We have built a team of about 1,800 people across the country that make up the TELUS Health division within our company, now. Approximately 100 of those are healthcare professionals—so doctors, nurses, pharmacists. Against this backdrop, let me dive into that thesis of healthcare technology advancements needing to be underpinned by innovation and collaboration to be successful.

Let me start with our collaboration with positions across the country. As some of you may know, we are one of the largest providers of EMRs to doctors across the country to run their practices, to store their patient records. A few years ago, we developed a mobile app version of our EMR. We built charting capability into this; we built schedule review capability into this; and we thought it would allow our doctor clients to get home for a few more meals with their families, maybe finish off their wrap-up work for the day in the evenings, like so many of us do across so many industries.

That innovation worked in and of itself. We were pleased with that, but we went further when we started collaborating with the physicians because the physicians said, "I want to use this app during my day-to-day practice with my patients." The reason they wanted to do that is because they now had the power of the smartphone camera or the tablet camera, and they could take a picture of your sprain or your break or your rash and upload it instantly into their main EMR system. It was a process that was previously very cumbersome for them, very time consuming for them.

Fast forward to today, and we have thousands upon thousands of physicians using this capability. They tell us that not only does it make them more efficient in their practice, but it allows them to provide more effective care to their patients. We did not want to stop there. We did not want to be the only ones providing innovation to physicians. We built a platform that we call the TELUS Health Exchange. The TELUS Health Exchange is basically a platform that is networked across the information technology within the healthcare world, so it connects to doctors' EMRs; it connects to pharmacy management systems; it connects to the benefits claims processing of insurers and extended healthcare providers to systems that citizens use and interconnects all of that. We built it such that it had open APIs. The reason we did that was so that smaller-scale health tech companies in Canada could also innovate. They need to collaborate with us, so their innovations need to pass our security tests, our reliability tests, our privacy tests, but then their innovation can come to life.

Let me give you a couple of quick examples. Health Myself, is a company based here in Toronto, and their innovation was to create a patient portal. This allows doctors now to have an online line of communication with their patients to share health information with their patients. When they get that health information shared with you, as a patient, you typically take more ownership of it, and you want to see your trends improve. It is almost like gamesmanship, if you will—so a powerful innovation there.

Another example is a company called Chronometriq. Chronometriq is based in Montréal. They developed scheduling software, which we have across so many aspects of our lives, but often do not in health. Now, doctors' patients can book appointments online. They can get notifications if those appointments have moved or if they just need a reminder of when their appointment is, so the power of all of that collaboration and innovation is coming together.

That TELUS Health Exchange is also at the core of our collaboration with the federal government. Canada Health Infoway—many of the team members are here today. I think Michael Green, the president, is here in the room with us. They took on, in 2016, a very ambitious project. They said, "We are going to look at the 30% of prescriptions that get written in Canada, but never get filled." Imagine that: Thirty per cent of prescriptions get written, in Canada, but never get filled. You can then imagine further what that leads to.

That leads to individuals not following their prescribed medication pattern, getting ill, being in the hospital, which are obviously poor health outcomes for them and are unnecessary burden on our acute care system, which is so expensive for us in this country.

Canada Health Infoway, with an innovative mindset, looked around the world, and they said, "What are other jurisdictions doing?" What they discovered is there were certain countries that implemented online prescribing, e-prescribing, and that it was making a huge dent in that 30% of prescriptions, which seems to be a common number. It was making it much smaller, and allowing better health outcomes as a result. After an extensive RFP process, we were very pleased and very fortunate to be selected. We were selected, I think, because we brought that TELUS Health Exchange platform to bear. Canada Health Infoway then worked with us to start building their PrescribeIT platform for the TELUS Health Exchange. The platform is already live in communities here in Ontario as well as Alberta. The roll-out in Canada is happening so much faster than other parts of the world, thanks to this focus on technology advancements through innovation and collaboration. And, quite simply, it enables the doctor; she can prescribe a medication, a prescription, directly from her EMR to the pharmacy's pharmacy management system at the pharmacy of the patient's choice.

I am super-excited about this in terms of how this is going to change healthcare in Canada for the better: Fewer illnesses, fewer hospitalizations, better health outcomes and less money spent as a result of less hospitalizations.

The federal government is also pursuing technology advancements, innovation and collaboration through their Superclusters project. As the lead applicant for Canada's Digital Technology Supercluster headed out of Vancouver, we were super-proud that we were one of the five Superclusters picked as one of the winning Superclusters to move forward with this vision. We are now going to partner with over 250 organizations from the federal government to the public sector, to the private sector, to the not-for-profit sector, to the academic institutions in our area, and we are going to leverage the power of data collection, data analytics and data visualization and productivity breakthroughs in several different industries.

In healthcare, specifically, we are going to look at the emerging power of genomics. What we know now through extensive research is if we know your genomic profile, and you consent to have your genomic profile known by those who are taking care of you, we can do much better medication for you. We can look, and, based on your genomic profile, there will be prescriptions that you are a poor metabolizer of, so you either need a bigger dosage or that medication will not work for you at all. You will be a normal metabolizer of many prescriptions, and so the standard approach works well, and you will be what I call an 'uber-metabolizer' of some prescriptions, and that can lead to an adverse medical event, something you do not want to have happen, so you probably do not want that prescription, or you do want it in a very small amount.

If you have cancer, we can now map what is the best cancer treatment based on your genomic profile, something that is going to be so powerful. This is a very large-scale collaboration, obviously, to bring this innovation to life, this technology advancement to life. But, again, this is super-exciting, how we are going to change the face of healthcare through technology underpinned by innovation and collaboration over the next many years.

Provinces, of course, are also leading the way when it comes to technology advancements underpinned by innovation and collaboration. Obviously, that is the thesis behind Bill Charnetski being appointed as Ontario's Chief Health Innovation Strategist. I think Bill is a great choice in that role. I love how he is approaching it, and I wholeheartedly, in general, applaud this approach because I have seen what happens when provinces put their back into leveraging technology to evolve and improve the healthcare system.

An example that is near and dear to my heart is in British Columbia, where we are partnering with the province on home health monitoring. This solution is about taking an innovative system that we have developed along with collaboration and professional services from British Columbia, so that someone who has been in the hospital, either with heart failure or with a COPD episode, is equipped with the system when they get home, and it helps them in their recovery effort.

Let us take, as an example, someone who is coming home after heart failure. We would equip them with a blood pressure cuff, a pulse oximeter, a weight scale—all of them would be Bluetooth-enabled so that you can take your measurements two or three times a day. That information would go through Bluetooth to a tablet and then be relayed to a central station where you have got a nurse monitoring your progress.

Juxtapose that against the previous world where you come home; you are kind of told what to do, how to make sure you get healthy again. You go to see your doctor once a week, and, perhaps in between those visits, your vital measurements have gone off track, and you now need to be re-hospitalized—unfortunately, quite a common occurrence.

With this new approach, with this innovation and collaboration being applied, your measurements are being tracked in real time. Your nurse can work with you and make tweaks to your medication, make tweaks to your sleep patterns, your nutrition, your exercise to get you back on track. The results have been very inspiring. In one study done by the Vancouver Island Health Authority, 100% of the patients on the system self-reported as being physically healthier by having access to this capability. Amazingly, 41% went on to say, "I feel mentally healthier because I've got peace of mind that someone is with me on this journey."

Then, Vancouver Health Authority looked at financials, and they measured that individuals on home health monitoring used the healthcare system on a follow-up basis after returning home 76% less than individuals who did not have access to the system, and then calculated that that was saving them $12,500 per patient. What a wonderful example of using technology, underpinned, again, by innovation and collaboration, to realize better health outcomes and have less money spent by the healthcare system.

Let me close—before we open up for any questions you might have—by talking about the not-for-profit sector. They have an equal role to play and do a great job in terms of bringing innovation, collaboration and, thus, healthcare technology to life.

A little over a decade ago, Upopolis was an idea that was presented to us by the Kids' Health Links Foundation. It was a very innovative idea, so we collaborated to bring it to life. What is Upopolis? It is a safe web space for kids that are hospitalized. It does many, many things for these children, but two that I think are worth highlighting, in particular, are the following: One is it allows them to access information, written in kid-friendly language about their condition and about their treatment process. You can imagine how important that is if you are a 10-year-old or a 12-year-old or a 15-year-old or a 6-year-old going through something, and you want to understand in your own language what you are going to go through.

Also, equally, if not more importantly, is it allows these kids to connect with other kids going through similar journeys—kids across 27 hospitals and health centres across Canada now and growing each and every month. And it allows these kids to connect, have a bond, have a connection, maybe find a mentor in terms of a child who is further in the journey than they are. I think I could try to do justice with my words on this, but I would rather show you a video that really brings it to life.

[VIDEO]

In closing, I would say let us continue to work together to bring healthcare technology advancements to life. Let us make sure we do it through a focus on innovation and collaboration. In doing so, I truly believe we will realize better health outcomes for all Canadians and do it for less money spent by our healthcare system. Thank you very much.

Questions & Answers

Q: Hi, quick question about the Supercluster, especially, the TELUS-led one—and we are involved with some of the others, too. I think success and collaboration really depends on culture, in part, and also agility around getting agreements done, sharing risk, managing risk. How do you feel about the culture piece in Canada? Do you see positive parameters around collaboration that can make it successful? If there is some work to do, how can we improve that part of our culture?

JB: Yes, it is a great question. My first observation would be when we started building the team around the Canada Digital Technology Supercluster, I have never seen collaboration of that magnitude, at least in Western Canada, which is where we were headquartered. Now, we have become national with everyone who has wanted to join the Supercluster. I think that bodes well. I think that means there is an undercurrent, a desire to come together and to do things that, as individual companies or universities or not-for-profits, we could not do alone. I know, by way of example, the Terry Fox Foundation is super excited about what we will do together on the example that I talked about.

That said, the task ahead is a tough one. Getting 200—and I think it is now 270 organizations just in our Supercluster—to collaborate, to work together well, is a huge task. I think you hit the nail on the head. The most important part of whether this is going to work or fail is going to be culture. What culture can we build into this organization? For a few of us who are effectively the working executive committee of the Supercluster, our first thought is it all comes down to who is the leadership to build that culture.

We have had underway—even before we even knew we would be a winner or not, just in case maybe if we were a winner—we have had a CEO search underway. We think we have got to get the right leader and the right team under them in order to build that culture. Obviously, we have to have the right board, the right governance practices, but to make something that complex and comprehensive work is going to be all about culture. Culture is hard work, I can tell you. Just putting my TELUS hat back on for a moment, we worked hard at evolving our culture when our new CEO, Darren Entwistle, came in, in the year 2000. I do not think we could say we were satisfied with what we built until probably a dozen years later. It is hard work, and it takes a lot of thought. It takes a lot of purpose, and it is not just about words on paper and value statements; it is about how does your organization operate day in and day out? What are your norms? What are your practices? How do you check in with all levels of the organization, etc.? I think the core want is there, in Canada. It is a matter of how we bring it to life. Yes, a lot of work ahead. Good question.

Q: I love your emphasis on stories. I always say that stories really help tell the why and the whys about people. At risk of shooting myself in the foot, I am from the most innovative university in the country, but, to me, technology and innovation are the how. The people are the why. From your perspective, what is the barrier? Where do we fall down in terms of better talking about the why and talking about the how through the why?

B: Great question. Because you have coached me on this, I am going to use a story to answer your question. There are a lot of people in here who know this far better than I, but from my observation, our healthcare system is so taxed and so stretched. We have got healthcare professionals who are working to the point of exhaustion to get stuff done. It is hard to put new things into the system. I remember—and this is a wonderful example that I shared on home health monitoring in British Columbia—when

I first went to the minister of health and talked to him about the idea, the concept that we would like to do. He said to me, "Josh, it sounds very neat. It sounds very powerful. I get the why. I get that it would be better for the people of British Columbia. My challenge is I am in the process of building two new hospitals. I have got to implement a thousand new emergency rooms in my existing hospitals, or emergency beds in my existing hospitals. I probably need to hire 600 new nurses, and the doctors want a 5% raise. I have got pretty much zero bargaining power against them, and I have got a 2% budget increase, and I would need a 15% budget increase to afford what I just said." He said, "As oxymoronic as it sounds, I do not believe I can free up the money to invest in innovation." We had to find a creative solution where TELUS could largely front some initial pilots and some initial trials and prove out the health outcomes, the why, that I talked about in my speech, and then that made the difference. Then, the minster was able to say, "Now I have got the proof. Now, I can take this to cabinet. Now, we can roll this out across the province." I think the health system is just so busy, so focused, so taxed, that we have got to come up with really creative ways to show that innovation through collaboration, get the results. Start small.

Often, when I am talking, another angle I will go on when I am talking to teams is start your innovation small scale. They do not have to be big bang out of the gate.

Prove them. A bunch will fail, and then sunset them. For the ones that succeed, then expand those out; scale them out further. I think it is a great question and a tough one to tackle, but worth tackling.

Q: We developed the remote monitoring solutions, similar to yours. We are in talks right now with the province and the local hospitals. One of the biggest concerns for adoption is risk management. Back to the elderly person with a cuff, when you are allowing or enabling a hospital to be able to see a heart palpitation, for example, that will lead to a stroke or heart attack, and the concern from risk management perspective is how fast did the hospital respond and, if they did not and a heart attack actually happened, who is liable? How did you address that in B.C.?

B: I would love to say it is much better in different provinces. I think the risks and the liabilities—it took us to two years to legally work that out between ourselves and the province of B.C. I think those worries are there in whatever jurisdiction you are working in. I just think it takes what I would call a coalition of the willing to get through it and figure it out and think about all the different permutations, and then bring it to market.

I would go back, similarly to the last question, and just say let us remember to focus on the why versus the what or the how, and then that propels you. That gives you the energy and the enthusiasm to get to the end game on it. Yes, you are right, there are a lot of those sorts of risk-management ideas and thoughts and worries to work through.

Q: **My question is about big data, health and analytics. I think a lot of what you are talking about is so exciting in terms of putting together the genomic data with prescriptions and combining pieces of data that might otherwise, in the past, have been in different places and that you cannot leverage. I guess one of the concerns that goes along with that is, once all that data is under one roof, what if my insurer is looking at my genomic data and saying maybe you are predisposed to this condition, so that the amount you are going to pay to insure against it is much higher? Once all that data is in one place, the concern about it being shared with different people or used for different purposes increases. I am wondering how you think about that, in particular, as a company that is kind of the one roof that all of the data is going underneath?**

JB: Another great question. For years, when we have built data-based systems, data-analytic-based systems, at first, if you went back ten years ago, you focused on reliability by design. The question was how can you make sure the uptime is going to be there, the reliability is going to be there right from the get-go? Then, kind of in that ten- to five-years ago window, we started focusing on privacy by design: How do you build privacy into your systems right from the get-go?

I think what you are hitting on now, and it is the next by-design we are working on, is consent by design.

How do you give the user the ability to control their consents right from the get-go? Now, think of a genomic profile or even a personal health record and giving the citizen the option to say, "I want my doctor to be able to see this information or not; I want my doctor to be able to upload information into my personal health record or not; I want my pharmacist to see this or not; I want my health insurance company to see it or not; I want my kids who take care of me to see this information or not." Building that capability, that consent by design into your systems right up front is, I think, going to be critically important to develop the trust that we need to have to make any of this work out. Great point.

Q: **You have clearly built TELUS Health into an important part of overall TELUS. One of the constituencies that finds it very hard to find out about TELUS Health is your investor constituency. It was a bit of a surprise to the markets when you monetized the portion of the equity interest in TELUS International. The street said, "Oh, my god, that is a billion-dollar business!" I am curious as to what corporate objective is served by not providing more disclosure about the TELUS Health business?**

JB: This is great. It is an IR meeting now. We pretty much doubled the value of TELUS International since, if you are interested—we can take that offline. I would say, at this point, we feel that TELUS Health is that much core to our business than TELUS International. TELUS International has been a wonderful business for us. We have been able to return billions of dollars back into our networks in Canada, into our health systems in Canada. With TELUS Health, we feel like there is a lot more work to be done before we would even consider whether we might increase disclosure or bring in a partner or monetize an aspect of it. I think you will see TELUS Health be a core part of who TELUS is for many years to come. I also know where you are coming from. We have got lots of investors who would like more disclosure on TELUS Health. At this point, we have committed to providing annual disclosure on TELUS Health, but not yet quarterly disclosure on TELUS Health. We feel that is the right balance between the two. That is a great comment.

Concluding Remarks, by Barbara Jesson

At the Empire Club, we are so proud of our tradition of bringing important dialogue like this to our podium. While we do have some staff, and they are absolutely amazing, this would not be possible without a wonderful board of directors. I am so grateful to Andrea Wood for organizing this lunch and bringing this to us. Thank you so much.

It also would not be possible for us to do this without sponsors because events like this are major undertakings, so we are so grateful to our sponsors, both to Norton Rose Fulbright and to Oracle, because we could not make it happen without your support. Thank you so much to all of you.

I would also like to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world. Also, thank you to the National Post, as our print media sponsor and to Toronto Life, as our media sponsor.

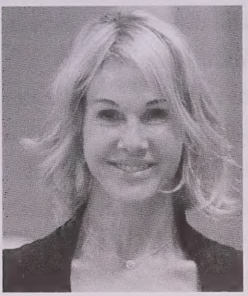
Although our club has been around since 1903, we have moved into the 21st century, and we are active on social media. Please follow us on Twitter at @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram.

Finally, please, join us at our next event scheduled for April 13th, featuring "The University Presidents' Panel: The Future of Education" at the Arcadian Court in Toronto.

Thank you so much for joining us attendance, today.

This meeting is now adjourned.

The Empire Club Presents



HER EXCELLENCY
KELLY CRAFT,
U.S. AMBASSADOR
TO CANADA

WITH: BUILDING ON THE WORLD'S BEST FRIENDSHIP: FUTURE DIRECTIONS FOR THE CANADA/U.S. ALLIANCE

Welcome Address, by Barbara Jesson, President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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April 4, 2018

Good afternoon, ladies and gentlemen. From the Imperial Ballroom at the Royal York Hotel in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting. Before our distinguished speaker is introduced formally today, it gives me great pleasure to introduce our Head Table Guests. I would ask each guest to rise for a brief moment and be seated as your name is called. I would ask the audience to refrain from applauding until the Head Table Guests have all been introduced.

HEAD TABLE

Distinguished Guest Speaker:

Her Excellency Kelly Craft, U.S. Ambassador to Canada

Guests:

Mr. Joe Craft, President and Chief Executive Officer, Alliance Resource Partners, L.P.

Mr. Pierre Cyr, Director, Board and Stakeholder Relations, Canadian Blood Services; Director Empire Club of Canada

Mr. Vijay Kanwar, Board Member, Business Development Bank of Canada; Vice Chair of the Board, Maple Leaf Sports and Entertainment Foundation; Former Board Chair, Greater Toronto Airports Authority Board

Mr. Joseph Mancinelli, International Vice President and Regional Manager of Central and Eastern Canada, LiUNA

Dr. Gordon McIvor, Past President, Empire Club of Canada

Mr. Anthony Primerano, Director, Government Relations, LiUNA

Mr. Ron Soreanu, Vice President, Public Affairs and Communications, Coca-Cola Ltd.

Mr. Geoff Wilson, CEO, PortsToronto

My name is Barbara Jesson. I am the President of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

It is a tradition at the Empire Club to, whenever we can, host a table of students. Today, our guests are from the University of Toronto and Ryerson University.

Thank you to Bell Canada and PortsToronto for sponsoring our student tables today. Students, please, rise and be recognized.

Although I did not meet our guest speaker until today, I knew we would find common ground. When asked recently about some fact checking, Ambassador Craft responded, "Well, the president was absolutely right about one thing: Trudeau sure is a nice, good-looking guy." I want to know who could argue with that.

As a young graduate student at the University of Waterloo, I studied history. In my graduate year, we had to do an obligatory course in something historiography, which is the study of the philosophy of history. We actually spent an entire semester considering the nature of facts. However, the one course that stayed with me more than any of the others was one that considered the very different ethos that lies at the core of Canada and our nearest neighbour, the United States. The theory was that Canada came into being as a result of colonization, and we imported the governing philosophies of our founders in England and France, where generations had honed the compromises reflected in our political structure.

By comparison, the argument went that America was founded by reformists who wanted to create a completely new form of government, and it proposed that these two very fundamental differences continue to shape us today.

Yet, despite these differences, we have forged a unique relationship, one sustained by shared geography, common interests, deep connections and powerful, multilayered ties.

Canada came into being as an outpost of the British and French trading empires, and trade lies at the very core of our growth, as a nation. Today, we are the United States' largest customer. We buy more from the United States than any other nation, including China, and, not only that, Canada is the top trading partner for most of the individual states.

Today, we share the longest international border in the world—almost 900 kilometres in length. For most our history, we have co-existed peacefully, sharing security and defense interests on our continent. Close to 400,000 people cross our shared borders each day for business, pleasure and to maintain family ties. Our shared interests include responsibility for our environment, which does not recognize borders. Our lakes and waterways are inexorably linked. We breathe the same air and can only ensure a healthy continent for future generations by working together to protect it. In fact, more than 100 years ago, we created the International Joint Commission, an independent binational organization in recognition of the fact that each country is affected by the other's actions along the border.

Today, as we strive yet again to find common ground for renewal of the North American Free Trade Agreement, the Empire Club of Canada is just delighted to welcome the United States Ambassador to Canada, Kelly Craft, to our podium.

Ms. Craft is a leader, entrepreneur, and philanthropist who has made community service and improving education the cornerstone of her career.

In the private sector, Ambassador Craft founded a successful marketing and business advisory firm providing leadership advice to businesses in her community and across her country.

A third-generation Kentuckian, Ambassador Craft has demonstrated a deep commitment to her home state by serving in several leadership roles with the Salvation Army of Lexington and the Center for Rural Development, a nonprofit dedicated to economic development in rural Kentucky. She also served on the boards of directors for the Kentucky Arts Council, the Lexington Philharmonic, YMCA of Central Kentucky, and the United Way of the Bluegrass.

With a deep commitment to education, Ambassador Craft has served on the University of Kentucky Board of Trustees and co-founded the Morehead State University Craft Academy for Excellence in Science and Mathematics, which nurtures the academic talents of young Kentuckians.

In 2007, President George W. Bush appointed Ambassador Craft as an alternate delegate to the United Nations General Assembly. This significant policy and diplomatic responsibility allowed her important experience for her role as U.S. Ambassador to Canada.

Ladies and gentlemen, please, join me in welcoming Ambassador Craft.

Her Excellency Kelly Craft

Thank you, Barbara, and thank you to our sponsor. I was lucky enough to be seated this afternoon, at lunch. I really appreciate your sponsorship, today. This is a lovely opportunity.

I am looking at the audience, and I would be remiss to note that there is one great figure missing, today, Peter Munk. His legacy is such an important one to this country, and I know he will be missed.

What a real pleasure it is to be here, today. Since becoming Ambassador six months ago, I have been blessed by some extraordinary experiences. Being invited to speak here at this historic podium ranks right up there. So many famous, powerful and revered people from all over the world have stood at this spot and addressed this group. I am truly humbled by this opportunity, and I so appreciate you all being here today.

Sensing I was a bit nervous about the footsteps in which I am following by standing here at this podium, my husband, Joe, who is with us here, today, offered this very cheerful advice: "Honey, don't worry about it. Just be one part Reagan, one part Churchill, one part Thatcher, and one part Dalai Lama, and you will be just fine." Thank you, Joe.

Good counsel, I think. In all seriousness, I do want to recognize my husband, Joe, who encouraged me take on this challenge. This opens the door to acknowledging another one of my mentors, the Canadian Ambassador to the United States, David MacNaughton. Thank you, David.

David and I have built a very close personal relationship, and I am also proud that Joe and I call him our friend.

To be able to meet his wife, Leslie, today, is just a double bonus. Thank you so much for being here.

This Club was formed, as most of you know, in a time of political and social unrest. The founders felt the rigorous airing of ideas in a club like this was most essential exactly at such times. I think it is safe to say that the whole world is facing a period of political and social unrest on many fronts right now, within countries and between them.

According to the principles of this Club, this forum strives to present various perspectives, including those that may not be popular, but they must be heard.

Given that, I would like to spend time, today, going line by line through the current language of NAFTA, and giving you my thoughts and analysis about what is wrong with it, I was really going to put NAFTA under everybody's seats, but I thought, no, I am not going to do that, today. NAFTA is, indeed, a big topic, but I am only going to touch on it and explain why President Trump made re-evaluating that pact a centerpiece of his campaign when he ran for the White House two years ago.

It is very true that many of us in this room and rooms just like this in the United States, Canada and Mexico have all been pretty happy about NAFTA as it was originally agreed in operating. That rising tide has not lifted all boats evenly, especially, not the ones that are anchored at the bottom. President Trump heard the calls for change from those in middle-America—patriotic, hardworking people who felt behind, and he took up their cause. These individuals, who wonder if they will be able to afford to keep their homes when interest rates go up or send their kids to college, worry that the next generation will have fewer economic opportunities that they have had and question the benefit of costly wars thousands of miles away over issues that do not always make sense to them. We see the same kind of uncertainty among the working families in Canada, too, as well as in Europe, Asia and elsewhere.

Are today's leaders reacting to changing conditions and changing demands in ways that are meeting the needs not only of today, but of our future? Prime Minster Trudeau does not share all of President Trump's policy prescriptions, to be sure, but they both have this real sense that we are in a period of great possibility, which can turn into a period of peril if we do not respond to the demands from the working people of our countries who want dignity that results from having a good job, one with a meaningful future, a job that contributes to building a genuine, caring society.

In looking to make the right kind of changes in government, it is always smart to look for the best practices. To tweak a frequent line of one of our recent Democratic presidents, Bill Clinton, "There is nothing wrong with the U.S.-Canadian relationship that cannot be cured with what is right with the U.S.-Canadian relationship."

Look, I have got every confidence that together we will fix NAFTA so that it will work for the next 25 years, and it will ensure flexibility as our economies evolve as well as prosperity shared by everyone.

What I would like to talk about, today, is about some of the best practices that our two countries can do and from which the rest of the world can learn. From military capabilities to fighting crime to responding to natural disasters to the environment and the economy, we can make our governments work better for our citizens. It is just a matter of cooperation.

I am going to give you a few examples of areas where our joint efforts have already been fabulously successful and can be replicated more widely. Last week, while at NORAD, I was reminded of the great responsibility our governments have to keep us safe. We needed to do this in the most sophisticated, efficient and cost-effective way possible. If you want to see an American-Canadian joint effort that is sophisticated, efficient and cost-effective, you will not find another place than NORAD.

The current threat from North Korea is very much on our minds, and it is comforting to know that our two militaries can work together so skillfully on such a complex problem. A strong, combined military posture greatly increases the opportunity for diplomatic solution. The same is true for keeping our citizens safe from criminal activities, especially, those that cross borders. It is harder to fool two people than one. The same goes for law enforcement. When we work together, we have been successful in combatting crime that disproportionately impacts the most vulnerable in our society, human trafficking. Sadly, we have not yet been able to defeat human trafficking, but we are working on it, and it is not just the police forces. The private sector is also vital to supplement the work of government to end human trafficking.

In an example of the people-to-people collaboration and problem-solving between Canadians and Americans, a U.S.-based nonprofit called Polaris is working with the Canada Centre to End Human Trafficking to establish a hotline here in Canada, which will launch this fall to connect victims of trafficking with needed services and to build critical data to help law enforcement stop trafficking rings.

The United States and Canada also have a long history of collaboration when it comes to crisis management and reacting to natural disasters—some not so natural ones. Every second counts in a crisis, and a devastated family is grateful for a helping hand, whether it is a Canadian hand or an American.

The recent storm in New England caused power outages and left more than a million Americans without electricity. Hydro One here in Toronto responded by sending a team of 150 powerline workers and 25 support staff to Boston and Baltimore to help restore power. That is just one way Canadians and Americans stand shoulder to shoulder in times of need, taking special care when the most affected citizens are the least ones able to fend for themselves—a great example to the rest of the world.

Another area is the environment and our great outdoors. People all over the world, even in Communist countries, as China, are shouting demands that their governments must be good stewards of the environment. Natural resources have to be protected and made available for everyone to use. Often, these issues cross international borders. There is no better example anywhere in the world of two countries working together than on the preservation and supervision of our Great Lakes.

The United States and Canada have a long history of sharing and caring for the lakes, a valuable environmental and economic resource for both our countries. The United States draws more than 40 billion gallons from the Great Lakes every day. That is 24 million Americans and 9.8 million Canadians benefitting from the Great Lakes.

Let me tell you what, I am all in to the Great Lakes.

Here is an example of the cross-border teamwork to protect our natural resources: Our consulate in Toronto engaged with binational experts on the issue of salt contamination in the Great Lakes to share road salt management best practices.

In another case to boost regional economic development, working group members are creating the application called the "Great Lakes Guide" to attract people on both sides of the border to spend time and money in the Great Lakes region. This will help U.S. and Canadian families enjoy trips to the area and allow small business owners on both sides of the border see their revenue grow.

Those are just two examples of how, simply put, joint efforts on both the environmental and the economy have produced local benefits for our two countries. As you all well know, there has been an extraordinary amount of bilateral efforts that have helped our two economies grow in tandem. There has been cross-border research and development in important sectors, such as technology, healthcare and manufacturing, cross-border production and investment and, of course, trade.

Let me talk briefly about those areas because the free flow of people, ideas and products lead to strong economies, solid jobs for people with multiple skillsets and inventive surfaces for the future.

As a woman, a daughter and a mother, breast cancer has touched my family, as I am sure it has many of yours. This is another place we can join together and fight this devastating illness. Phoenix Molecular Designs is a Vancouver-based biotech startup that does research and development on a new drug to treat triple negative breast cancer. In June of last year, CEO, Dr. Sandra Dunn, announced the company would expand to San Diego, which would provide, as she put it, access to talent with regards to drug development, which we do not have in Vancouver. The company now splits its management team between San Diego and Vancouver and has established partnerships with the National Institutes of Health, the University of Florida, the Mayo Clinic, the University of Hawaii Comprehensive Cancer Center and Canadian partnerships.

My grandparents took me on my first trip to Canada back in the 1970s. My grandfather—visualize this—was driving his Ford pickup, pulling one of those big, old travel trailers. I think we called them the fifth wheels. Today, if I were going to take my grandchildren on a road trip, there would be a good chance we would be traveling in big-time style thanks to a couple of Torontonians, John Long and his wife, Helena Mitchell, founders of Bowlus Road Chief. This is a high-end, light-weight—think fuel efficiency—aluminum travel trailer. It is super cool, and it is another Canadian-Californian tie that shows our shared entrepreneurial spirit, albeit in a very different realm. Here is a tech example that I really love because it shows how fluidly ideas, investment in jobs flow back and forth over our border. Stewart Butterfield, born and raised in British Columbia, founded Slack Technologies in Vancouver, in 2009, after founding the photo-sharing website Flickr and selling it to Yahoo. I am sure many of you already use Slack's flagship product, which is an office messaging application that Time magazine, The Verge and other tech industry publications have dubbed an email killer. That app was developed for Butterfield to keep track of the development of a video game that shared programming duties between Vancouver and U.S. offices. Pretty quickly, he realized the game was not nearly as cool as the app he created, so he launched Slack as a standalone app in 2014, raising $120 million in U.S. dollars in venture capital. The app has more than 9 million active users. One of those 9 million happens to be my 25-year-old daughter, Jane.

Slack decided to relocate its headquarters to San Francisco in 2017, but now has offices in Vancouver, Toronto, New York, London, Dublin, Melbourne and Tokyo. That is a great Canadian success story and a great American success story.

Probably nowhere are there greater examples of cross-border synergy than with your Toronto Maple Leafs, powered by no other than Auston Matthews and, of course, our beloved Kentucky Wildcats with a stream of Canadian stars. But my favourite happens to be Shai Alexander. He will hopefully be in the NBA pretty soon. Finally, trade, which I touched on earlier, reminds a bright spot between our two countries.

We share an enormous amount of trade between our two countries, a constant exchange of all sorts of things, as well as shared manufacturing agreements. We are as economically intertwined as any two countries on the planet, to the enormous benefit to the working people of both countries. Yes, President Trump believes that the U.S. workers are getting the short end of the stick in some of our trade deals, NAFTA included, but the fact that we can have a discussion with our eyes firmly on the horizon is a testament to where we are in our relationship.

I have yet to meet a Canadian who thinks the 23-year-old agreement is perfect. It is like a solid house. It needs to be updated to reflect the 21st century standards and realities. There is no reason to tear it down. As David and I know, we are working toward a modern agreement that better reflects the state of digital trade, intellectual property, financial services, agriculture and more. In NAFTA talk, to put it simply, we all want a good outcome.

Let us talk about one sector that impacts American workers where President Trump feels American workers and companies are treated unfairly. We fully understand the importance of the food and agriculture supply chain that underpins U.S. and Canadian agricultural trade. With almost $1 billion (CDN) per week and agricultural goods crossing the border both ways, we put a lot of food on each other's plates. I could bore you with the sad story about the American dairy producers and the Canadian supply management system that keeps us from competing in this market, or I could talk about the market access for American telecom companies or drug patents. Let us just say the list of these kinds of grievances is long on both sides of the border.

You know what else is long? The lineup of cars back into Canada every weekend that has to stop and declare any purchase when traveling just for the day. Think of the carbon footprint of those traffic jams spread across the border. Surely, there is a number that reflects the reality of 2018, not 1978.

As I said earlier, I am confident we will get a deal that everyone feels good about and one that sets us on great footing for the next quarter century. I am just as confident that America and Canada will continue to have the strong military, law enforcement, environmental and economic ties that have served us both well. It all starts with a genuine effort to meet the urgent demands for change that are coming loud and clear from the grassroots across both our countries.

As United States Ambassador, I am both the custodian of and the beneficiary of our long and deep friendship built on mutual trust and respect. That kind of relationship cannot be fabricated, nor does it merely exist because we share a common border. That kind of relationship has deep roots and common values we cherish, and we defend. It has survived wars and calamity, triumph and tragedy. It is as familiar as my favourite robe or as my trusted childhood friend.

Whatever else goes on in this commercial relationship, it is important that we never forget that our countries are also much more than that. I know I speak for Ambassador MacNaughton when I say that we are awed by the responsibility as stewards of this relationship, but also motivated by the challenges and opportunities we see every day. We have two great countries with one amazing future. No one epitomizes building more common ground than our generations than Martin Luther King, Jr. His words ring true today as they did in 1964. "The time is always right to do what is right." Thank you.

Note of Appreciation, by Joseph Mancinelli, International Vice President and Regional Manager of Central and Eastern Canada, LiUNA

Thank you, President Jesson, board of directors of the Empire Club, ladies and gentlemen. What a pleasure to be with you, once again, at the Empire Club. We share something in common: 1903 was the beginning of the Empire Club and, of course, the same birthday that LiUNA has, our great organization that was formed in the United States. Both the Ambassador and I share the same headquarters, as well, which is Washington, D.C. That is where our headquarters are as well.

Ladies and gentlemen, there are 188 ambassadors from the United States right across the world. It is no wonder that Ambassador Craft is here in Canada instead of Andorra or Burundi. She is here because of her intellect which befits her role Ambassador to one of the greatest partners that the United States has. I had the pleasure of chatting with our Ambassador Craft about public/private partnerships that we are very much involved in, and in the United States as well, because our pension plan here, in Ontario, has invested with Blackstone, with Ullico, and with Union Life Insurance Company in the United States to partner on public/private partnerships in the United States as well.

We share a number of things in common, as our Ambassador mentioned, but a number of things that are very different here, in Canada. In fact, the very first one that I want to mention is that you probably have never been thanked by a trade unionist before, I am guessing. No? I knew that was an obvious one. We are different here. LiUNA is a member of a number of Chambers of Commerce. The Board of Trade has spoken here at the Empire Club and has participated in a number of events here as well. Very different dynamic here in Canada. And in the United States—I spend a lot of time there—the word 'progressive' seems to be a dirty word, but our conservative party uses it as the first part of their name, Progressive Conservative Party. It is a very different dynamic, as you can imagine.

As our Ambassador said, we have so much in common, and we are so pleased to have you as the U.S. representative here in Canada. If there is anything that we can do to assist you in any way in making your stay here very successful and productive, we are here to help you.

Congratulations, on your appointment. I know that it is a big appointment to be the U.S. Ambassador here in Canada. Congratulations, and thank you for honouring us with our presence here, today. Thank you.

Concluding Remarks, by Barbara Jesson

I want to thank, first of all, Ambassador MacNaughton for joining us, today. It is a pleasure to have you with us, sir. I want to thank our generous sponsors for making this event possible. LiUNA, we are so grateful for your support, today. Frankly, we could not bring this kind of discussion to our podium without the support from our sponsors: Our sponsor for the VIP reception, Coca-Cola Canada, and the student table sponsors, PortsToronto and Bell Canada. Thank you all so very much.

We would also like to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world. Also, thank you to the National Post, our print media sponsor.

Although our club has been around since 1903, we have moved into the 21st century and are active on social media. Please, follow us on Twitter at @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram.

Finally, please, join us again soon at our next event scheduled for April 12th, featuring the Honourable Cameron Friesen, Manitoba's Minister of Finance. We will be back here at the Royal York Hotel.Thank you for your attendance, today.

This meeting is now adjourned.

The Empire Club Presents

THE HONOURABLE CAMERON FRIESEN, MANITOBA'S MINISTER OF FINANCE

WITH: KEEPING OUR PROMISES: ECONOMIC AND FISCAL UPDATE

Welcome Address, by Barbara Jesson, President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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April 12, 2018

Good afternoon, ladies and gentlemen. From the Imperial Ballroom at the Royal York Hotel in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to this meeting. Before our distinguished speaker is introduced today, it gives me great pleasure to introduce our Head Table Guests. I would ask each Guest to rise for a brief moment and be seated as your name is called. I would ask the audience to refrain from applauding until all of the Head Table Guests have been introduced.

HEAD TABLE

Distinguished Guest Speaker:

The Honourable Cameron Friesen, Minister of Finance, Province of Manitoba

Guests:

Ms. Megan Boyle, Director, Public Affairs, Red Bull Canada; Director, Empire Club of Canada

Mr. Rob Brown, Managing Director and Co-Head, Canadian Debt Capital Markets, RBC Capital Markets

Mr. Jonathan Hunter, Global Head, Fixed Income and Currencies, RBC Capital Markets

Mr. Chris Morley, Vice President, Government Relations, OMERS; Director, Empire Club of Canada

Ms. Kelly Simonson, Managing Director, Koch Fertilizer Canada

Mr. Damani Thomas, MA Candidate – Finance, Rotman School of Management, University of Toronto

Mr. Jan Westcott, President and Chief Executive Officer, Spirits Canada

My name is Barbara Jesson. I am the President of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

If provinces were siblings, I would say Manitoba is the quiet, thoughtful one. It is neither the confident elder sister—that would probably go to Ontario, I think—nor the youngest prankster, Newfoundland. It is not the joyous Québec, the rowdy, athletic Calgary or the independent British Columbia, but it does have something.

Early in my working career, I had an opportunity to travel fairly often throughout Manitoba, making the drive from Kenora to Pine Falls and then on to Winnipeg. Then, one of my closest girlfriends up and married a farmer from Rosser, just outside of Winnipeg. That meant even more frequent and longer visits. We did excursions to Brandon and summer drives to Gimli. I never got to the far north, but I have been to Komarno with its iconic statue of a giant mosquito standing by the roadside as you drive into town. It looks like something out of a 1950s horror film.

I developed a very healthy respect for Manitobans who could survive those ferocious winters only to be greeted by swarms of mosquitos during the few months of summer. I came to know and understand the rich, cultural life that sustained the people of Winnipeg through those long winter months.

The province has quietly nurtured the east from its rich breadbasket and provided us with some of our finest authors, musicians, artists and an outstanding dance company. It has fielded great athletes and delivered a rare, fine whiskey, Crown Royal Northern Harvest, selected as the best whiskey in the world in 2015.

There are those who will say that they find the landscape flat and uninteresting, but I can tell you, honestly, that if you have never stood on the Manitoba prairie at dusk, gazing out across miles of rustling grain fields to that hazy place where the earth meets the horizon, you have missed something extraordinary and very special. It is one of those few places from which you can actually get a sense of our planet's curvature, truly moving and almost mystical. Then, just to ground you and ensure you do not get out of touch with reality, you are jolted out of bed in the middle of the night by a loud train whistle, those trains rumbling across the track that bind Canada and deliver Manitoba's bounty to the rest of the country.

Here to tell us more about the thriving Manitoba economy and the solid, consistent support it provides for all of us in this country, is the Honourable Cameron Friesen, Minister of Finance for Manitoba. I learned that we share some Mennonite heritage and that Mr. Friesen taught in the public school system in Manitoba for 12 years before election to represent the constituency of Morden–Winkler in the Manitoba legislature.

Under Premier Brian Pallister, he is responsible for the Manitoba Civil Service, and Chair of the Treasury Board. He is also a member of the government's Planning and Priorities Committee.

Mr. Friesen's third budget, delivered on March 12th, this year, demonstrated significant progress in reducing the deficit, provided record tax relief to Manitoban families and continues the government's moderate and balanced approach.

Mr. Friesen loves Manitoba—the people, the history, the family focus, the work ethic and the commitment to helping others. He is here with us, today, to share his commitment to ensuring Manitoba's strong path towards financial stability and economic prosperity.

Ladies and gentlemen, please, join me in welcoming the Honourable Cameron Friesen, Minister of Finance, to the Empire Club podium.

The Honourable Cameron Friesen

Good afternoon, everyone. It is a pleasure and an honour to be here at the Empire Club and speak with all of you. Things are looking up. Someone located my speech. In the absence of a speech, I was intending to read from the "Estimates of Expenditures" starting on page 39—that is the Department of Infrastructure—but they located the speech. Barbara, thank you for your warm introduction and thank you to our Head Table, our sponsors today, who make these events possible.

It is great to be in Toronto. I found a Toronto citizen this morning who was wearing a Leafs jersey. I went up to him, and I said, "Go Jets." In typical Toronto style, he looked at me and said, "What, are they in this, too?" Only in Toronto, centre of the universe, but great to see both of these teams in the playoffs, great to see the prospect of them looking ahead toward what is possible. We will not jinx anything here. We will just say we were excited to see that first win from Winnipeg yesterday and looking forward to many more of those. I see there are a few fans in the room.

[Remarks in French] Mesdames et Monsouires, je suis très heureux d'être ici avec vous aujourd'hui, pour parle au sujet de Manitoba.

We have a good-news story to tell in Manitoba. We could not be more excited to be telling it at this point in time. I recognize that I have been in this role for two years less about eight days, at least when we were elected in 2016. Many of you have heard my premier speak. You have certainly heard it in our budget remarks that we inherited challenges. We are not the only ones who inherited challenges. We recognized very early on that it was incumbent upon us to make progress on behalf of all Manitobans in three key areas.

We said we were elected to fix the finances; we were elected to rebuild our services; and we were elected to rebuild the Manitoba economy. When you are new in this role, you come with not a lot of results, but a lot of enthusiasm. What we have appreciated now is that with almost two years in our mandate, we have results to talk about, and we have been able to demonstrate what we said we would be equal to taking on, which was this enormous challenge of eliminating a deficit, creating a framework for more tax fairness in our jurisdiction, being a powerful spokesperson and sponsor for doing business in the province of Manitoba and creating the framework in which families can keep more of their hard-earned money and according to which businesses and new investment comes into our jurisdiction.

You may recall me saying earlier that I remember one of my first briefings with the Treasury Board Secretariat. The secretary came into my office and said, "Minister, you are new here, but I want to explain something. If left unaddressed, we have just done the pre-estimates call for expenditures, and the implication of this on your budget is a deficit of $1.2 billion," from $900 million at that time. "In three years, you will be at $1.7 billion." For the size of Manitoba's economy, for the size of our revenues and expenditures, it is an extraordinarily large number. When we took government, we inherited a

$900 million deficit. We inherited more than that. A loss of fiscal discipline is how one credit rating agency had put it. 'Adjustment fatigue' is the way another credit rating agency put it, but, in a nutshell, Manitoba's problem was on the expenditure management side. Clearly, it seemed, on the face of it, through the examination, as many of you have done, of the province's position, own-source revenues are good. It is a balanced and steady and stable economy that is growing. Yes, it is one of the top performing economies in Canada, measured over ten years on average, avoiding some of the lows and steady, stable growth forward.

Yet, on the expenditure side, put simply, in an eight-year period, before we took power, the average expenditure increase was 3.4%, and the average increase in revenue was 2.6%. That is not sustainable, and it meant we had to get to work, and get to work we did.

Two years ago, when we were here with an enthusiastic message of how we would do better, we talked, at that time, about our commitment to arresting that out-of-control rate of growth, of expenditure, and we did it. Our first budget was called "Correcting the Course." We set out to get better systems in place, to set targets that government would have to meet in all departments, to get a better line of sight on other reporting entities within government, including the Crown corporations and health organizations, school divisions, because we said we were all in this together. We needed to take a view that said we must all make progress. Why? For a better, more stable, more prosperous Manitoba.

We did make progress in that first budget. We were able to old expenditure increases in government. Last year, we came ack with a plan that said we are making progress, again. We eld expenditure growth right around 2%. From that histor- c 3.4%, that is very, very significant. At the same time, we aunched a review of the tax regime; we engaged with KPMG o undertake an evaluation of government. What could we do etter? Where are there opportunities? They clearly came ack and said, "In terms of efficiency, effectiveness, you need o find new ways of doing things."

I remember one time I was talking with a new civil servant had. He leads the area known as BTT, Business Transfor- ation and Technology. He came into my office one day, and e was hired for that position very much the same time I was ired for mine. He came in and said, "Minister, I want to give ou a report on BTT. This is depressing. We are in bad shape. We need to modernize. We need to innovate. There is very ittle attention or appetite for risk." He was depressing me. Then, he leaned forward and said, "I could not be more excit- ed." We kind of felt the same way. I remember. I will never orget that statement he made. Truly, for us, in the context of he need for growth was at least this recognition that there was he ability to make progress.

Now, Budget 2018. We are back, today, talking to bond rat- ng agencies. We will be engaging with some investor groups, omorrow. Our budget is entitled "Keeping Our Promises to Manitobans and Real Progress for Manitobans." We are doing hat.

This is a budget that, historically, raises the basic personal amount for Manitoba. We have lagged behind other jurisdictions. We indexed it last year as a signal of fairness, but, now, it is like we have supersized it, raising it within the next two years by $2,000. That means more money in the pockets of every Manitoba household. It is good for moderate income families; it is good for retirees who are still earning some income and declaring some income; it is good for university students, and it helps.

In addition to that, we have been clearer on carbon pricing. We have brought what we call our "Made in Manitoba: Green and Climate Initiative," which we think will work actually better than the federal government's plan. It raises a $25-per-ton charge to fuel, and we believe that by setting a more significant first target, you will actually shape and change consumer behaviour. Because of that, we believe it is significant, better for the economy, better for the environment, better for Manitobans, and, clearly, we are also saying that is important for the federal government and others to recognize that we are calling on people to make a commitment to green. We have made that in Manitoba. We are in the middle of making that in respect of billions of dollars of new investment in Keeyask Generating Station, in Bipole III, that transmission line connecting us to domestic markets and foreign customers. Those are very significant and legacy investments. They will near completion in the next year or two and three. As we stand up those new investments, it continues to reinforce this investment we have made in Manitoba Hydro, a 98% green energy production capability, something that few provinces can boast, but something that clearly needs to be taken into account.

I understand that Mr. Morneau is in the next room, so if I would say that loudly enough, I could indicate to him, "Listen, we clearly said that Manitoba needs to do its part, and we believe that, over time, the federal government will come to understand, from an evidence base, how significant it is what we are doing in Manitoba."

A few other things I want to highlight for you: We are gaining credibility, says one bond rating agency. It says now, beyond enthusiasm, you have the demonstration of results. I can tell you that for the current year that we are just finishing out for the 2017/2018 year, we started with a budget estimate of $840 million, and, right now, that has revised on forecast to $726 million. We are making some very significant progress on deficit reduction. At the same time, we budgeted for a $521 million loss in the 2018/2019 year. That is more than $300 million of deficit reduction in that one period of time.

We have strengthened our balanced budget legislation. We brought legislation, last year, that says, clearly, governments need accountability to keep on track towards deficit elimination, and they need accountability to stay in balance after the fact. We enhanced those provisions, now, to make sure that if government had the ability to go quicker, the framework we put in place was to say $100 million of deficit reduction per year until balance. Some said that is not fast enough. We said it is that moderate and balanced approach because we have got other challenges as well. Clearly, what we are sayin now is if government had the opportunity to harvest savings i advance of more, why would we not provide the framewor for government to take up that opportunity? Otherwise, w are going to slow this down. As a result of those changes, th budget papers show we are ahead of schedule in deficit reduction—actually, $200 million ahead on that schedule. That ha been well received, we believe, by markets, by citizens wh want us on this path. We are pleased about that new trajector that we are showing.

We have in place other measures to make sure we keep going down this path. We have Bill 28, which is a sustainabilit framework for the public services. It essentially says that th government's ability to pay must be taken into account durin this recovery period. I am careful to spell out for people, i Manitoba, it is not forever. It is important to have hope. On individual to whom I was speaking, a president of a universit said to me, "Minister, you need to make sure that your provisions contain hope." I thought that is a very good point. Eve in our labour sustainment legislation, it prescribes an escalating amount framework where negotiations could take place. I clearly signals that this will not be forever. As we recover, as province, it means there is a benefit for all of us. We are happ about that. In addition to that, we have made some significan steps on red tape reduction. We have made some significan steps in healthcare transformation. If this speech had a subtitle, it would be "You Would Not Believe How Interesting th Boring Stuff Can Be." Truly, from Manitoba's perspective we needed to build better systems. We needed to build better structures to get the results we were looking for because we have structural costs we are trying to get at. That structural cost has to move down over time because we are in this imbalance, and the result of that is we pay far too much in debt service charge and far more, now, than we even did two, three years ago. Part of that, of course, is interest rates creeping up, but part of that is just about the capacity, the amount of borrowings that were undertaken.

We have done some very, very interesting things in a boring area called Treasury Board Secretariat. When we inherited government, that particular area of government, the government's central interface to departments and beyond on the reporting entity was somewhat impoverished. There was no capacity left at program review. We have hired talent in the private sector. We have tapped some prominent people on the shoulder and said, "Would you give us some time to help us do something very special in Manitoba?"

As Barbara was saying, I am not sure we would be considered to be the quiet and thoughtful ones in the family, but I appreciate that characterization of us. If there are some characteristics I know about Manitobans, I would say they are 'determined' and 'not risk averse'. That climate shapes us. We become a little stubborn, but we are very loyal to each other. You see that in social events in Manitoba, if you have attended them, and you see it in community spirit. You see it in volunteerism. When it came to this, we were able to tap some real talent on the shoulder. They said, "I will give you a few years.

I will give you some time."

We are building something very special: New processes; a new line of sight into departments; a new framework for accountability; a return on investment framework for all capital investments. We are changing our thinking on capital instead of doing it balkanized in nine areas of government; we are creating like a super-capital committee that will oversee the whole process; we are revamping procurement because government has to shop smarter. That is a phrase that our premier uses. Manitobans are 'smart shoppers'. They expect government to do the same. Manitobans save their Canadian Tire money, and they all show up at Costco in droves on a Saturday morning if they can save 12¢ on a box of Cheerios—I guess 10¢ now with the rounding. We have to do the rounding. Some of the areas that will actually demonstrate the value.

The reason Manitoba will, I believe, increasingly become not that problem child in the nation, but became that star child, the first one that mom and dad with their iPhone say, "Hey, let me show you what my kid is doing," is because of that careful attention to detail. It will be because we are building a framework for accountability in innovation and projects through a scorecard system that ripples through entities, where we can identify problems, we can speed up timelines.

We have created a new subgroup within the Secretariat called the Transformation Unit. Think of it as an opportunities unit. This group of highly talented individuals—MBAs and otherwise—goes out and assesses governments' framework and looks for opportunity. The Treasury Board is busy, and we have got other work to do, so we can assign work to this group. We said in our budget that one such opportunity is air services. A lot of governments, a lot of provinces do not own their air services. Manitoba happens to. This Transformation Unit came and said, "Are you married to the idea of owning that?" We said, "We take an evidence-based approach. What is best?" They said, "We do not know what is best. It might be better to own it. It might be better to sell it and procure the service on a fixed-cost basis. Let us find out." They are out there doing that work that we would not have the capacity or bandwidth to perform.

Even little things along the way. I am the minister responsible for, think of it as intergovernmental services—we call it 'Central Service'. I am responsible for all the cars out there for the government, the fleet services, both large and small fleet. They are looking at opportunities there. Should we own it? Should we sell it? In the meantime, they said, "You do not have vehicle locators, GPS-enabled vehicle locators. Other provinces do that. You install this in the vehicles, and you save $5 million overnight because people start to drive their vehicles differently." Or maybe you do not show up at the lake on the weekend. It is amazing what accountability will do. There are stories there I could tell. I will not.

Back to page 39 of the budget and budget papers. I am going to get the hook soon, so I am going to start to wrap up.

Transformation capital. There is a part of our budget that we have actually printed up, which is strange for a finance minister who is preaching the value of going in the opposite direction. We have printed up an internal services adjustment. We think it is appropriate to do so.

Regarding cannabis legalization, we were having engaging conversations here, a tremendous challenge to all of us. Regardless of your view on it, it is moving fast, and it is coming at us. We take a view that says we have an obligation to those who will use these products and those who choose not to. The principal form of that responsibility comes in the form of—it is a demonstrated duty of safety. We take that view. It is coming at us. We do not know all the costs.

Carbon tax is coming at us, and we do not know all the costs. There are significant questions around NAFTA and how that negotiation will execute, significant risks on significant weather events that are coming at us. We think, at this time, it is appropriate to have an ability to respond.

However, housed in there is a $40 million innovation and opportunity fund whereby we are going to make a contest where the civil servants in our employ can take small teaching units to learn how to write a business plan and then compete for projects to say, "I have been waiting for four years for someone to give me a few resources to be able to save the government, over three years, this amount of money by doing this more efficiently, more effectively, in collaboration with another department." That could be an IT project to do something digitally that we now do not do digitally. Governments are risk averse on digital as well.

I had a meeting, recently, with Scott Brison. It was a great exchange because I am the minister responsible for IT as well as everything else. Scott had said to me—he shared it publicly, and you might know this phrase—"We are a Blockbuster government in a Netflix world." I said, "Minister, from my perspective 23 months in, it is worse than that. We are a VCR-flashing-12:00-noon-government in a Netflix world." Minister Brison does not miss a beat. He says, "We are actually a government with a VCR, and we have got that electrical tape over the 12." Over time, you can create the condition. You can change the culture, both the environment in which the civil service works and the work that they do. You can provide incentives. Perhaps, you can provide prizes. You must entertain risk in order to do it. We are excited about what we are building there.

Let me wrap up. I did not talk much about the economy.

I will invite some questions, if you have them, but we are very, very pleased at what is happening and with the results of the changes we are putting in place. I can tell you that business and household confidence has strengthened. I can tell you that our labour force is a million strong. I can tell you that our unemployment numbers continue to drop below the national average. I can tell you that we had the highest farm cash receipts on record in the province of Manitoba last year. We do not take credit for when the rain falls, so that one is a little bit more variable, but our farm sector is well poised for growth. Manufacturing sales up 5.3% last year alone.

I see my Deputy Minister, Jim Richardson, nodding on that one. It is a very good growth—it is the fastest growing population in Canada over the last three years, and it is a record level of capital investment happening in residential and nonresidential buildings. There is a lot happening.

HyLife just announced a $170 million investment in Manitoba. Roquette, French pea producer, just announced an over-$400-million investment in Manitoba. Simplot just announced a $460 million expansion to their plan. Last week, you might have seen that Ubisoft Entertainment, from France, just made a foothold in Manitoba—it is an international global leader on software development. I know nothing about the games these guys have developed. I was raised on Pong, and then when we got really good, my parents bought Super Pong. My kids tell me that this is huge. I like the spirit of Ubisoft, who comes in and says this is just a cornerstone.

Something very special is happening in Manitoba. There is optimism; there is pride from the cultural sector to the digital sector. We have tax credit reviews that are going on in partnership with industry. What we are saying to them is help us. We have built some good credits in this province, but we take a value-based return on investment approach. What can we build that is even better? One of those tax credit undertakings is happening starting next week where the minister of sport, culture, heritage and I are meeting with leading officials in the film industry to talk about what our film and video production tax credit will look like in a 2.0 environment.

Our growth is good. You know we have a balanced economy. You know that we will be back talking, in time, to partners about the fact that we are hitting our targets because nothing will mask bad habits. We are in this for the long haul, and we are in it for the success of all of Manitoba: Households, businesses, investment in industry. What I said at the beginning is when I came the first time, we were full of enthusiasm, and we are. The premier recently remarked to me there are a couple of hallmarks of people wherever you measure them, in your enterprise and mine, that are helpful if you are trying to get results. One of them is enthusiasm. One of them is competency. One of them is just a genuine, all-around good-natured approach to the work, the ability to do the work. I believe we are demonstrating all three in Manitoba.

The premier likes to say we are getting a Manitoba miracle. We say that we will be the most improved province in Canada by 2020. We believe we are exactly on this road right now to fix the finances, repair our services and rebuild the provincial economy. The premier says that the only thing better in Manitoba than today is tomorrow in Manitoba.

Ladies and gentlemen, thank you for your interest in Manitoba. Thank you for your interest in our government's work and, really, the work that we are all doing together to build a brighter future. Thank you.

Q: Hi, Minister. That was a terrific speech. I think we are all pretty excited about the prospects in Manitoba and some of the great progress you are making to beat back that situation. I was quite taken by your reference to the Transformation Unit and wondered what advice you might give business and other interests in terms of maybe connecting and plugging into that Transformation Unit.

CF: Thank you for the question. That is fantastic. Your name, sir?

Q: Perry Martin. I am with Loblaw/Shoppers Drug Mart.

CF: Thank you. Perry, we said from the beginning, we do not take an ideological approach. We are taking a results-based approach. That really unhooks us from a constraint that was there previously. I am thinking right now about our approach on schools. We just announced last month that we will build five new schools in Manitoba to meet the demand for it. At first, we had favoured a P3 approach. We still like a lot of things about the P3 approach and there is plenty of opportunity to entertain it for Manitoba, but we actually changed our thinking halfway through. As the evidence came in, we realized that in this particular instance, P3 on schools at this time, in that environment, was not going to produce the best return. I think we thoroughly confused our opposition when we came out and said we are building this with an enhanced conventional approach on schools, but we are adopting a lot of the things we learned from our P3 discussions.

Even P3 Canada endorsed our decision to do so. The opportunity for business, I would say, is this: If you know there is a provincial government out there who is taking a real results-based view of the future, it means there is going to be opportunities out there for companies because the government's mandate is not to directly deliver everything to everyone. I think it is when resources are limited, as they are, that we need to work more effectively with the partners around us, to recognize credibility and expertise where it lies, and then move to a situation where we can effectively engage that expertise and provide that advice back. Sometimes we are going to need to own an approach. Sometimes we can procure that approach.

Our thinking on procurement has evolved a lot in the last 23 months. I know it is a general answer, but I would say the sky is the limit when it comes to companies and industries. I think what we want to cast out there is Manitoba is open for business, and we are thinking hard about evidence-based return on investment. We have built whole frameworks whereby new capital investment gets sifted through a qualitative and quantitative measurement, a set of metrics where we measure how this thing scores next to the other one.

Then, we take that approach and, boy, does it give confidence in a system when resources are thin.

Q: Thank you. That was an excellent speech, Minister. I have two questions. The first one is could you provide an update on the application for rate increases at Manitoba Hydro? The second question relates to your climate plan. I read through it. I know in that plan you are very deliberate in saying that the federal plan has to recognize the foundational work and the progress that you have achieved to date in achieving a very above-average level of sustainability. Do you expect that will be recognized by the federal government under the current plan or proposal?

CF: Your name is?

Q: Maria Berlettano, CIBC.

CF: Thanks for the question, Maria. On the first question, we are all following very carefully the rate application at Manitoba Hydro before the Public Utilities Board in Manitoba. Now, all the hearings have concluded, and the decision is expected in a matter of weeks. We all understand that these are very, very significant advancements being made by Manitoba Hydro. When we were just elected, there was a study undertaken with Boston Consulting to determine what the next step is, what the path forward is. Clearly, the advice to government was "Complete these projects with a maximum efficiency possible; return Hydro to a stable footing; put your focus on development of new opportunities," which we are doing.

Management in place at Hydro has been getting down that road a long way in terms of their own operations, operational efficiency. We will see what the future holds. The application is for a 7.9% increase both in respect of last year to ratify it and in respect of the current year.

One thing is for certain: Hydro rates in Manitoba will go up. They will be part of that puzzle when it comes to understanding how we put Manitoba Hydro on a more sure foundation. It is the cycle of a large hydro-electric power company to invest, which takes cash, and then to re-establish sustainability, and then to invest. We are not happy when projects go way over budget, of course, but we are managing closely. We know that Bipole III will complete this summer. We know that Keeyask is on track to complete by 2021, I believe, yes. We know that, along the way, we will have an opportunity to sequentially turn on that power and begin to generate revenue. We will watch carefully, but I realize that I am indicating concern, overall, about electricity rates in Manitoba, and I know who I am speaking to. We have the lowest rates in all of Canada when it comes to electricity. We will continue to have some of the lowest rates in all of Canada. It is a competitive advantage. We want to keep it.

On the second question, I have forgotten it. That is the problem with a Minister. It is question period. One question at a time.

Q: The second question is, I believe, having read through your climate plan that you feel the federal govern-

ment's approach is too aggressive and does not recognize the work that has already been done in your province. Is that correct?

CF: It is an important question, especially, in lieu of comments made by senior federal officials last week in response by our premier. It was very strong. We truly have the courage of our convictions. We actually believe that our plan is better. Like you say, Maria, it also clearly references and looks behind the curtain and says, "But let us understand this whole context: Manitoba is 1.35 million people on a very large piece of geography with huge Boreal forest reserves, with agricultural practices that sequester carbon, but with legacy investments that have been made that will return value on green to everyone." We say we like our chances.

I do not, honestly, if I had to speculate here—and I will not speculate much, as it is not good when finance ministers start to speculate too much. My officials get nervous, but let us understand what the context is: There is a lot of shifting going on across the landscape of our confederation. I do not know what is going to happen in Ontario in a year. I know that the federal government and the Saskatchewan government are quarrelling. I do not know if there is going to be change in Alberta, but some days it looks that way in the next election. This federal government has a partner here, a partner in Manitoba that has said Manitoba needs to do its part. We built this plan of ours with individuals like Dave McLaughlin, who is an authority on climate change, has been interfacing with government, on behalf of government for years, and others. We took a year to do it. We consulted broadly. We believe that our project, our plan and our path will provide value.

I told you before: We take an evidence-based approach. I think the federal government will come to enjoy seeing the actual effect driving behavioural changes in our jurisdiction. We are saying let the evidence guide it. One thing is for certain: You have a partner here in Manitoba that is playing all. I think there is only so much capacity on the part of the federal government, over time, to engage. There is a wide array of carbon pricing mechanisms out there. Not everybody is suggesting that they are going to be in the fold. I am suggesting the federal government's intention will go increasingly where they are going to need to engage with other provinces.

: Thank you. Mary Webb, Scotiabank. In lieu of all the federal programs that are being either implemented or developed that encourage collaboration with the provincial governments, what is Manitoba's reaction to the pharmacare and the potential there?

F: Let us remember that steps have been taken over the last number of years for provinces, along with the federal government, to increasingly partner on pharmacare, so good progress has been made on a collaborative drug procurement strategy.

We understood it is a small jurisdiction.

Manitoba was having trouble achieving the kinds of pharmacare framework agreements that Ontario could because they are a much larger economy. It is a good lesson on procurement. Collaboration will lead to a bigger partnership.

Clearly, there are some broad pledges being made at this point in time that are ambitious and costly. We contain all of those kind of large-policy issues within—well, we understand what we were hired to do, here, and we understand what the trajectory is of Manitoba's path back towards sustainability, so we have some limited means in which to additionally engage on very large projects that could be expensive. However, we are working still collaboratively now. The minister of health told me last week there is a lot more work and opportunity in the area of pharmacare itself that can be additionally harvested even now. I would say, in terms of provinces working together, there is great collaboration happening. It was a point of agreement between us and our predecessors, in Manitoba, that good work had been done by senior officials to engage and get better value. We will keep going down that path. Thanks.

Note of Appreciation, by Jonathan Hunter, Global Head, Fixed Income & Currencies, RBC Capital Markets

Thank you, Minister Friesen. That was a no-nonsense great update, frankly. I think it goes without saying that we are honoured to have you here with us, today. Again, thank you.

We appreciate you sharing the vision for Manitoba's economic success and the update on some of the challenges you have faced. As you rightly pointed out, you stepped in or inherited some issues around spending and fiscal issues and service issues. It is great to hear you have got a plan for how to address some of those things and the no-nonsense, show-me approach to delivering on that plan as we go right now. Thank you for that.

I think it is worthwhile to note that the government consulted over 35,000 Manitobans when they were developing their latest budget. The outcomes, clearly, as identified by the Minister, were focused on the fiscal situation, focused on a moderate path to balancing the budget and addressing the healthcare issues, which the Minister referenced. I think those were the key priorities of the constituents. I would point out that this sort of inclusive and balanced-approach to budget and fiscal reform and management is particularly enlightening and refreshing in the world that some of us live in right now, which is not quite as straight and a little bit more of a rollercoaster start to 2018 that we have all witnessed.

I think we have seen some headwinds in the capital markets over the course of the last three months, more so than we have definitely seen since, say, the taper tantrum five years ago or, even more generally, over the last ten years. We have got threat of trade wars; we have got rising interest rates; we have got diverging monetary policies in various different jurisdictions. We have got growing debt levels, and we have got inconsistent application of inflationary pressures around the world. All of that is transforming into volatile equity markets and volatile fixed income markets.

Additionally, I think it is interesting to point to say that Canada has had the benefit of being a little bit on the outside in over the last ten years as it relates to looking at the political, economic and geopolitical events of the world. I think maybe not so comforting, frankly, at the moment, is the fact that we are not looking in anymore. We are actually front and centre, given to NAFTA negotiations that the Minister referenced to close proximity, of course, to the United States, and potential for secondary impacts from some of these trade rumblings that are going on at the moment.

I think that, in itself, is important why we gather in these types of venues and events to discuss issues, to strengthen our relationships and collaborate. I think it is critical that we work to better understand each other's goals and objectives and how the ladder up more broadly to what is going on, on a national level, which I think the Minister did nicely.

I think it is also important, from a banking and capital markets perspective as well as a little bit of a self-perspective, that we help our issuers develop diversified funding strategies in times where markets are going through transition, which is what they are going through right now. At $6.4 billion, the Manitoba funding program is pretty much on track from previous years and has been extremely well managed. We recently had a ten-year deal from Manitoba in Canadian dollars, which was very well received by the marketplace. Additionally, I think it is noteworthy that the Manitoba name is well received globally. We have seen issues in sterling, Australian dollars and U.S. dollars over the course of the past year. RBC Capital Markets, obviously, greatly values the long-term partnership that we have had with the Province of Manitoba and helping advise them and execute on their funding program for the last many, many years. I think this government finance strategy is critical to our overall strategy, but it is great to be able to work with a partner that is not just talking about change, but is actually enacting change.

Thank you, again, very much, Minister, for taking the time and sharing with us your vision and foresight. We look forward to working with you in the future.

Concluding Remarks, by Barbara Jesson

Thank you, Jonathan. The Empire Club has had the privilege of bringing issues and speakers to Canadians to hear about important matters of relevance to all of us for more than 100 years, but we are a not-for-profit organization, and we simply could not do this without help from our sponsors. We are so grateful to them for allowing us to do this. Our event sponsor, RBC Capital Markets, thank you so much. To our supporting sponsor, Koch Fertilizer Canada, thank you very much. And to our VIP sponsor, Spirits Canada, we are so grateful to all of you, and, again, we simply could not do this without your support.

We would also like to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world. Also, thank you to the National Post, as our print media sponsor.

Although our club has been around since 1903, we have moved into the 21st century and we are active on social media. Please, follow us on Twitter at @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and on Instagram. Yes, we are still there on Facebook.

Finally, please, join us again soon at our next event, tomorrow, April 13th, featuring the University Presidents' Panel on the future of education, taking place at the Arcadian Court here, in Toronto. Thank you so much for your attendance, today.

This meeting is now adjourned

The Empire Club Presents

DR. MERIC S. GERTLER, DR. RHONDA L. LENTON, DR. DANIEL WOOLF AND SHELDON LEVY

WITH: UNIVERSITY PRESIDENTS' PANEL: THE FUTURE OF EDUCATION

Welcome Address, by Barbara Jesson, President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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April 13, 2018

Good afternoon ladies and gentlemen. From the Arcadian Court in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting.

Before our distinguished speakers are introduced formally, it gives me great pleasure to introduce our Head Table Guests.

I would ask each Guest to rise for a brief moment and be recognized and then be seated as the other directors and guests are called. I would ask the audience to refrain from applause until everyone has been introduced.

HEAD TABLE

Distinguished Guest Speakers:

Dr. Meric Gertler, President, University of Toronto
Dr. Rhonda Lenton, President and Vice-Chancellor, York University
Mr. Sheldon Levy, Chief Executive Officer, NEXT Canada
Dr. Daniel Woolf, Principal and Vice-Chancellor, Queen's University

Guests:

Mr. Jim Leech, Chancellor, Queen's University; Senior Advisor, McKinsey & Company
The Honourable Mitzie Hunter, Minister of Advanced Education and Skills Development, Government of Ontario
Mr. Colin Lynch, Vice President, Strategy and Growth, Greystone Managed Investments; Director, Empire Club of Canada
Mr. Bill Morris, President, Accenture Canada
Ms. Blake Oliver, Fourth Year Bachelor of Health Sciences Student, McMaster
Ms. MJ Perry, PhD Candidate, Theology (University of Toronto); Vice President and Owner, Mr. Discount Ltd.; Director, Empire Club of Canada
The Honourable Michael Wilson, Chancellor, University of Toronto; Chairman, Barclays Capital Canada Inc.

My name is Barbara Jesson. I am the President of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests. Canada was recently named by the OECD as the world's most educated country, with an astonishing 50% of its population completing post-secondary education.

This story is, in large part, due to the quality of our public schools and universities which increasingly attract students from across the globe.

In a world where we are exponentially changing—today we are thinking about artificial intelligence and robots—there are those who believe that, as human beings, we are actually evolving into something else, and certainly there are people who are suggesting that we are doing genetic engineering, neural implants and all of these things already, and so, as our universities prepare to deal with this new, challenging generation of students that lies ahead, it is important that we all understand how they are preparing for this future that is before us.

Our panel consists of Dr. Gertler, the President of the University of Toronto. He has been a professor of geography and planning and the Goldring Chair in Canadian Studies. He is widely known for his work on the role of institutions in shaping innovation and local economic prosperity.

He has advised governments in Canada, the United States and Europe, as well as international agencies such as the OECD and the EU. He has authored and edited nine books and has held visiting appointments at Oxford; University College, London; UCLA; and the University of Oslo.

In December 2015, President Gertler was appointed to the Order of Canada.

Dr. Lenton, President and Vice-Chancellor of York University, joined York in 2002 as Dean of the Atkinson Faculty of Liberal Arts & Professional Studies. A dedicated champion of community engagement and innovative partnerships, she has played an instrumental role in the creation of the York University–TD Community Engagement Centre and in expanding York's institutional collaborations with other postsecondary education partners.

She is a sociologist by training and her teaching and research expertise include gender, family conflict, research methods and, more recently, higher education.

Dr. Woolf became Principal and Vice-Chancellor of Queen's University in 2009. He is also a professor in the Department of History at Queen's. Dr. Woolf is a Fellow of the Royal Historical Society, of the Society of Antiquaries of London and of the Royal Society of Canada (RSC). As a scholar, he specializes in early modern British cultural history and in the history of historical thought in both Britain and around the world.

He serves on the board of directors of Historica Canada and is a past member of the Executive Committee of the Royal Society of Canada. He assumed the role of Chair of the Council of Ontario Universities in 2017 for a two-year term.

Our moderator, Sheldon Levy is CEO of NEXT Canada, which helps promising young Canadian innovators start and scale their own ventures. A longtime champion of innovation and a builder of startup ecosystems, Mr. Levy also serves on the Advisory Board of the Brookfield Institute for Innovation + Entrepreneurship and on the Leadership Council of Scale Up Ventures, Inc. Mr. Levy served from 2015 to 2017 as Deputy Minister of the Ontario Ministry of Advanced Education and

Skills Development, where he helped drive innovation and enrepreneurship through the Ontario's postsecondary education nd training system.

Ladies and gentlemen, please, join me in welcoming this very distinguished panel to our podium.

Drs. Gertler, Lenton and Woolf with Moderator Sheldon Levy

SL: Let me begin by thanking everyone for being here today. The job that we put ourselves to was called "The Future of Universities." You could imagine we could be here a very, very long time on that topic. Well, in advance, we broke it up into three parts. I have asked each of our colleagues to be able to address one of those parts. The parts that we have chosen—and I am sure you could have broken that up in many other ways—are: 1) The research agenda of our universities, including how it moves into the commercialization, the innovation part of the economy; 2) To deal with education skills development and a particular reference to the gender ratios within programs; and 3) The universities' role in an inclusive economy, the changing nature of work and the universities' role in supporting a competitive economy.

You could understand that these are not mutually exclusive, and they overlap all over the place. If there is time at the end, we will take questions from the audience, but, to begin with, I have asked Meric if he could take number one for us. Over to you, Meric.

MG: Thank you, Sheldon, and let me thank the Empire Club for hosting such an important conversation about Canada's future prosperity.

I am going to make four points on the theme of research, innovation and commercialization. I am going to begin with, I think, an obvious point that, throughout history, curiosity-driven research has reshaped societies and economies from insulin to artificial intelligence. Ideas and discoveries from research universities have transformed our world. Today, advances in research provide the very foundation for the knowledge of the learning economy and continue to drive it forward.

While we tend to point more readily to advances in science, technology, engineering, math and medicine, other kinds of disciplines, of course, are also important. Advances in economics, political science, urban studies, sociology, the humanities, and various creative and artistic fields have played a vital role as well. Indeed, Facebook's recent troubles remind us that, as powerful new technologies, such as social media and artificial intelligence, become pervasive, we badly need philosophers, ethicists and legal specialists to help us define some reasonable limits to the application and reach of such technologies.

Moreover, the continued success of Canada's urban regions will depend on the insights arising from research on immigration and social inclusion as well as environmental systems and infrastructure. My first point is really that the prosperity and the success of our society depends directly on the scholarly work of our universities.

My second point is that these ideas do not just materialize instantly out of thin air overnight. Scientific progress requires sustained investment in research over time and lots of patience. This can be a challenge in modern democracies in which electoral time horizons are notoriously short. It takes time and wise investments guided by rigorous peer review.

Let me give you just two prominent examples from the University of Toronto. Stem cells were discovered by Jim Till and Ernest McCulloch in 1961. And Geoff Hinton worked out the fundamental principles of machine learning in the early 1980s. It is only now, following decades of sustained support from our public research councils that the full commercial potential and range of applications are becoming viable.

The recent Fundamental Science Review led by David Naylor, President Emeritus of the University of Toronto, has very convincingly documented Canada's long-term decline relative to our competitors when it comes to research funding, a theme that, by the way, has been repeated in a recent report by the Council of Canadian Academies. Thankfully, the major investments in this year's federal budget have started to move the needle in the right direction, and the federal government really deserves credit for taking these decisions. We still have more work to do because the rest of the world is not standing still. We are playing catch up.

Moreover, there are some other compelling reasons to double down on research investments. This brings me to my third point. Our research enterprise is an increasingly important factor in attracting investment to Ontario and Canada. Since 2015, firms like Thomson Reuters, Johnson & Johnson, Bayer, Fujitsu, Google, Uber and Autodesk, to name just a sample, have all announced new or expanded R&D investments here in Toronto alone. As you know, Toronto is the only Canadian city on Amazon's short list for its HQ2 project. In all of these cases, the quality of our graduates, the quality of our research and the presence of world-leading scholars are the primary motivators for their decision to locate here.

Recent initiatives such as the Vector Institute for Artificial Intelligence have also been pivotal, and I want to acknowledge the leadership of the Ontario government in making that happen.

It is about science and talent, not tax breaks. It is also about the quality of our rapidly maturing local innovation and entrepreneurship ecosystem. This brings me to my fourth and final point about how research sparks innovation and entrepreneurship. Toronto and, indeed, Southern Ontario, are witnessing a huge surge in startup activity. The burgeoning local innovation ecosystem, I think, helps to explain much of what is going on here, whether it is the Creative Destruction Lab or the engineering Hatchery at the University of Toronto, the Queen's Innovation Centre or LaunchYU at York, Ryerson's DMZ or NEXT

Canada, entrepreneurship is booming. Faculty members are increasingly opting for what I call both-hand career paths, realizing that pure research is not at odds with innovation and commercialization, but really part of a continuum, and they want to excel at both.

Growing numbers of students are also getting involved. They are seeking entrepreneurial experiences as part of their education. In fact, what they have figured out is that starting a firm is the quintessential of experiential learning. The kinds of competencies that one develops from problem solving to teamwork skills and resilience are invaluable, whether the startup succeeds or fails. This is one reason why universities like the University of Toronto, Queen's and York are so keen to encourage innovation and entrepreneurship. Quite apart from the inherent social and economic value of translating new technologies from the bench to the bedside or from the library to the living room, entrepreneurship and innovation are essential parts of a research-intensive education. Perhaps, this is a good segue to my colleague, Daniel Woolf.

W: Thank you, Meric. Great segue, indeed. I, too, am very grateful for the opportunity to address the Empire Club today.

For many of you in the room, when you think back to your university or college days, this familiar scene probably pops into your mind: A professor in front of a class giving a lecture, standing at a podium as I am now, maybe using a whiteboard or a chalkboard. Perhaps, there are a few slides or overhead transparencies, and students are curiously writing notes. There is some question and answer, but mainly it was one person talking and others listening, for the most part.

Today, that picture is different. While lectures are still part of the learning environment, they are fewer in number. Learning now happens by students accessing course material through an online management system, interacting with professors and fellow students in online discussion, and managing to increase amounts of group work, as Meric alluded to, to gain teamwork and collaboration skills as well as the knowledge gained through the course material.

I do not think anybody in the room needs convincing that digital is turning the learning environment upside down as it has for almost every other aspect of society. Not only has how we teach changed, but students' expectations have changed as well as their learning styles. Unlike people of my generation, our students are digital natives, who are much more information literate, and they are accustomed to learning by doing, or through 'experiential learning' as we call it, as this, frankly, is happening in education at all levels beginning in kindergarten.

Professors still transfer knowledge, but more and more that is done through facilitation as opposed to strictly lecturing.

The 'sage on the stage' has turned into the 'guide by the side'. Students are no longer passive learners observing information. They are active learners. This is an important distinction because we need to create graduates who embrace lifelong learning, as their education simply does not come to an end when they cross the stage with that degree.

To be successful in a career that will include many different jobs and disciplines, today's students must accept that their training and education will continue throughout their lifetimes. We are seeing more and more adult learners at our institutions, and we are changing our curriculum and our course delivery to meet the demands and needs of these students.

Digital delivery and flexible classroom time over the weekend or week-long residential programs to accommodate full-time work and busy schedules are becoming the norm for many different programs we offer. Program content, itself, is changing to reflect the needs of the new workplace.

Data analytics, machine learning, and working with big data are all common themes we are seeing being woven into our curriculum across pretty much all disciplines. Let me give you an example from home. In September, Queen's will welcome its first students in a new Master of Management in Artificial Intelligence program, which is, I believe, North America's first graduate business degree in AI, but surely not the last.

There is also an increasing emphasis on teaching human skills—sometimes called 'soft skills', but I prefer ‘human skills’—that will help graduates succeed. These are things we have heard of before like ‘critical thinking’, ‘collaboration’, ‘creativity’, ‘teamwork’, ‘problem solving’, ‘organization’ and the like. More and more employers want to hire people not only for their technical skills, but for how well they can demonstrate these human skills.

There is an emphasis on teaching these skills through experiential learning opportunities like co-op terms, internships and also participation in student government, clubs and societies, and I heartily agree with my friend Meric that starting your own firm may be one of the best possible opportunities for that of all. It is also happening within the course curriculum as students are often graded on how well they participated in group work and collaboration.

Now, where I think universities do need to improve is on measuring how these skills are being transferred and in ensuring that the experiences are accessible to all students. The Higher Education Quality Council of Ontario, which is an arms-length agency funded by the provincial government, supports the Learning Outcomes Assessment Consortium, of which Queen’s is a member. We are currently in the final year of a study that measures students’ skills development.

There is a lot of discussion in the sector around what the learning outcomes for skills development would look like. I, personally, do not believe that it will, in the longer run, involve standardized testing of the sort that we are used to as our experience has shown, first of all, that students do not favour such tests; secondly, they do not tend to take them seriously when no grade is involved. We may, however, see a very different type of transcript or portfolio that demonstrates that students have mastered specific competencies. This is an area that we will continue to see a development in change.

I am going to leave my opening comments there for now and look forward to discussing further if there is time for questions, but I think that, similarly, is a good segue to my colleague, Dr. Lenton.

L: First of all, let me also thank you very much for having the opportunity to address you today at the Empire Club. The email advertising this event notes that Canada was recently named by the OECD as the world's most educated country with an astonishing 50% of its population completing post-secondary education.

Maybe I will just give a moment for the folks to—you can see that a few of my colleagues from York University have joined me. The university has a labour disruption that is going on right now. I do want to share, nevertheless, a few comments with you.

The 50% that was put out by the OECD around the percentage of Canadian students who have higher education actually is a little bit misleading because people sometimes interpret that that is the percentage that have a university degree. That percent is actually—

[Interruption, as people affiliated with York University speak out: “We are here, today, to say that the students and workers at York are the future of education! The business future of education does not include us. That labour disruption is showing disrespect to both the major constituencies of York University. The students are suffering. Their semester is going to waste. The workers are suffering. We are on the picket lines every day being ignored by this administration and by President Rhonda Lenton. What we are fighting for is a future of education where it is free, and there is quality education for students. There should be good jobs for academic and non-academic workers to make university a progressive place to push forth a society that is progressive, that meets human needs, that is good for people, not for profit.]

RL: I am going to suggest that I depart because I think it is really important that all of you who have paid tickets can enjoy the rest of the event. With apologies, I will depart.

Concluding Remark, by Barbara Jesson

This meeting is now concluded. Thank you for joining us.

The Empire Club Presents

JOE VACCARO, ANA BAILAO, RIZ DHANJI AND JASON MERCER, MODERATED BY CHRIS SPOKE

WITH: THE FUTURE OF HOUSING IN THE GTA: CHALLENGES AND OPPORTUNITIES

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

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May 23, 2018

Good evening, fellow Directors, Past Presidents, members and guests. Welcome to the 114th season of the Empire Club of Canada, and welcome to the Spoke Club.

For those of you just joining us through either our webcast or our podcast, welcome, to the meeting.

My name is Barbara Jesson. I am the President of the Empire Club of Canada and your host for tonight's event, a discussion on the future of housing in the GTA.

Before we get started, I would like to draw for our door prize, which is a bottle of Ripasso Bosan, sponsored by Cesari Fine Wines of Verona. Eric Martin, congratulations!

Years ago, I read a book by Canadian American architect and writer, Witold Rybczynski, called Home: A Short History of an Idea. In this book, he talks about how the emergence of domestic housing, more or less as we know it today, first appeared during the Renaissance. Until that time, people lived more or less in communal settings. Rybczynski observed that our modern notions of privacy and a life of the interior occurred with changes to our domestic living arrangements and that the creative burst we identify with the Renaissance came about because of this.

I have been thinking about this a great deal as we look at our current housing shortage and the rising prices that make the notion of owning a home almost impossible for ordinary people. Not meeting the physical needs of so many people by providing adequate housing is one thing, but just think about all the creative opportunity costs lost because so many children lack a secure environment in which to thrive.

I live in a very trendy part of the city. When I bought my house, I did not have two cents to rub together, but I had reached a point in my life where everything seemed so frenzied that I just needed a settle place to recover and nurture myself, a central core of quiet. In those days, you could still scrabble together enough money to put a down payment on a house. Today, most of my neighbours are cashing in on the huge upside created by demand in our community where homes sell for well over $1 million after being on the market just a few days. I am one of the last few die-hards among my original neighbours still hanging on, and I come home almost daily to a note in my mailbox from a realtor asking if I would consider selling.

When did we start thinking of our houses as investments and sources of wealth and not as our homes and safe havens? I was really very pleased when I was thinking about this meeting, tonight, to hear the CBC—I think on Monday morning. Matt Galloway was talking to some people who now are finding that they are foregoing best price in favour of a note or a letter from the would-be purchaser talking about why the home in the neighbourhood means so much to them and why it would be meaningful to them. And I think it really is an important aspect of life in the city that we seem to have forgotten. I was so pleased to hear him have that discussion.

I know, tonight, we are going to consider the practical side of the housing market. Have we reached the breaking point? Have rising mortgage rates, the new mortgage stress test and changes for foreign buyers led to a shift in the market? I hope that we will also give some consideration to those more qualitative aspects of housing and how important homes are to, especially, the next generation.

Our panel, tonight, will consider the GTA's housing market and will look into the future. Our panelists will consider the evolving needs of young millennials and our aging population, the impact of innovation in community planning and homebuilding, and the ideal relationship between the government and homebuilders. As we look at these issues, the importance of providing shelter and community building, I hope, as I said, that we can give some thought to these larger questions of home and what individuals need, not just to exist, but to flourish.

Let me introduce our panelists. Joe Vaccaro is the Chief Executive Officer of the Ontario Home Builders' Association. His organization oversees 29 local associations representing 4,000 members made up of professionals within the new home and renovation industry. The OHBA is focused on improving new housing affordability and choice for Ontario's new home purchasers and renovation consumers.

Deputy Mayor Ana Bailão is the Toronto City Councillor for Ward 18, Davenport, and Toronto's Housing Advocate. When asked to chair the Affordable Housing Committee in her first term, it was at a time when external housing funding was shrinking. Ana has created new opportunities by reducing obstacles and providing new City incentives for the private and non-profit sectors to build affordable housing.

Riz Dhanji is a sales and marketing specialist responsible for marketing some 11,000 condominium units representing over $3 billion in sales. Notable projects include Canada's tallest condominium at 80 storeys, Aura at College Park; DNA Condos in King West; and YC Condos at Yonge and College.

Jason Mercer is the Toronto Real Estate Board's Director of Market Analysis and Service Channels. His work provides products and services that help realtors and their clients fully understand trends in the GTA housing market and underlying economic drivers.

Our moderator, this evening, is Chris Spoke. He is the Founder and Executive Director of Housing Matters, where he leads an outstanding team of staff and volunteers advocating for greater housing availability and affordability in Toronto. Ladies and gentlemen, your panel.

Joe Vaccaro, Ann Bailão, Riz Dhanji, Jason Mercer with Moderator Chris Spoke

CS: Thank you. Thanks, all, for joining. Before we start, I am going to make a couple of quick comments on format. We are going to have a moderated discussion here for the majority of the panel. What we would like to do is have two or three questions from the audience following the discussion. If you have anything that is burning up, please, do save it and raise your hand afterwards, because we would like to hear from you guys.

To start this off—and thank you, again, panelists, for joining—the big news, of course, in Toronto and Ontario, is the provincial election that we have upcoming on June 7th, so I would like to start the discussion by looking backwards before we go forward. In the fall of 2016, we saw a steep rise in prices for housing in Toronto. As a response, the Liberal government advanced the Fair Housing Plan. This policy included many provisions, including a foreign buyer's tax, an extension of rent control on units, including those that were built after 1991. I would like to hear from our panelists.

Councillor Bailão, you first. Do you think this was the right response to the rising prices? We have seen prices moderate since then in the resale market, although rents have continued to rise. If so, why, and if not, why not?

AB: I think it was a good start. I think that it acknowledged that the housing spectrum and the housing continuum needed action at different points in time. There are issues with renting; there are issues with ownership; there are issues with social housing, and they try to bring solutions for those different issues.

I think the most important issue on this whole discussion, to be honest with you, is that it is really for all of us to start bringing to the table because of that lack of data that we have on all of this. I think that is really important—for example, the foreign buyer's tax or, for example, we, at the City, are talking about a vacant tax. The importance of data and really seeing whether this is having the impact that we truly want are really important. We cannot just have reactive actions just because something is happening and basically start throwing everything at the wall to see if some stick. I think that is a little bit of what happened because, for many years, many levels of governments from all different parties have ignored this housing issue, and it got to a point that we have issues at all kinds of the spectrum from market housing to social housing, and no data, no study, really, on what are really some of these issues.

I think as we move forward, I think it is really important that all three orders of governments and the private sector look for a system such that we have data, so we can look at how these new measures are being implemented. Do not be afraid, if something is not working, to step back and move away from some of these initiatives. I think that it is upon all of us to give the comfort level to the governments to say this initiative did not have the effect that we were expecting it to have and, at the end of the day, to understand that different solutions are for different problems. Very often I hear people say, "Is that going to solve the housing situation?" No, there is not one solution that is going to solve the housing solution. There is not one level of government that is going to solve the housing. There are not just even governments that are going to solve housing. It is complex; it is an ecosystem; it needs to have a dialogue; we need to have data; and we need to keep at it.

The other thing that we need to look at is what I call the 'soft' aspect of this issue and the 'hard'. You have all the planning issues and the zoning and the effects. We need to start understanding more about the social component and the emotional component of this issue.

It is very hard for us, for example, to deal with the fact that people still identify success and the Canadian and American dream with a single-family home and a car parked outside their driveway. This is how people identify success. Maybe in some countries in Europe, they identify success with a two-bedroom condo where their kids share their bedrooms. The fact is that we need to start understanding the emotional and the cultural components of these housing discussions the same way that we need to understand the impact of all the planning and zoning—all these issues, and economic as well, because there is a big economic component to it. The financial component needs to be part of it. I think that very often we do not look at the social and emotional side of it. I think that as we are developing housing policy, we need to bring these three together, the financial planning, the social and emotional sides to it.

CS: Thank you. Joe, I think Ana makes a good point that the housing market is kind of differentiated. We have, on one end, social housing, which probably requires its own policy strategy, and market rate housing, where we are obviously seeing some affordability issues, again. Concerning the Fair Housing Plan and its impact on, let us start with market rate affordability, both in the resale market and rental market. What are our thoughts?

JV: The Fair Housing Plan came into effect because lots of organizations, lots of people, said to the government, "We need you to take some sort of action." We are amongst that group. There was a real data issue there because the government has, for the last 15 years—the Liberal government has—really done a lot of work in the planning space, that soft space: Changes to the Planning Act, changes to the Growth Plan, Greenbelt, all these pieces. At some point, all those pieces sort of stacked up together, and what we saw was the housing price index for low-rise and for condominiums just continue to spiral up.

At some point—I call it a 'pain point'—there was a pain point where the government felt the need, now, to act. Fair enough. Was the plan the right plan? I think the plan, from a demand side, tried to deal with, as they call it, the foam on top, that foreign buyer's piece, whatever that means.

I think, to one of the comments the councillor made here, the reality is—and we see this in all the surveys that we do, and other agencies do—the dream of home ownership is a real dream. Ontario is full of home believers. They want to own something. By owning something, they become part of that community. That is how they become part of that social network. Whether that home is a single-family home or a condominium, that is open to interpretation. Generationally speaking, we are all going to see that.

When my grandparents came over here, they wanted a home because that said to the community, "We are here now; you cannot throw us out; we are established."

Their children inherited that sense of ownership, which means that you are part of the community. It also means you should give back to the community. I think that is just part of the reality on the social piece. What that form is, is a different conversation, because it is different for different people, and that is fine. I think the governments—

AB: I do not know if it is different. I agree that people want home ownership, but what I think is that the Canadian dream is still the single-family, detached home. I think that is one of the issues.

JV: I think I would make the argument that goes like this. If price was not the issue, would everyone want to live in single-family home with a backyard and a two-car garage, if price was not the issue? That is one of the questions you have to put out there, right? I think when we survey that question, we get back overwhelmingly that 75% say yes. If price was not the issue, yes, that would be the ideal.

Now, here comes reality. This is the academic discussion. I love the academic discussions because that is where all the policy entrepreneurs get involved. The practical reality is price is an issue, so you can buy what you can buy, depending on your stage of life, and then you can buy what you need, and then you also live where you need to live. There are lots of families who live where they need to live, not because they can afford what they actually need, but they live in that bedroom or that condominium or the townhouse. There are lots of pieces to it.

I would say, on the government piece, they acted because they were asked to act. I would say that where they fall short in their plan is they respond to demand, data collection—those are all easy, academic fixes. Where they failed is on the supply side because what they failed to do, as a province, is use their tools to get stuff done, and, ultimately, as the advocate for industry—and my member here will say this—at the end of the day, you just want to get it done. If we have an approval, what follows the planning approval is an infrastructural approval. There is no point in saying, "Yes, you can build that building or that subdivision," and then drag out three years to build the pipe. I need to actually turn the water on. You have not actually done anything. I think that is where the provincial plan falls short. It falls short on actually using provincial tools to get things done, to get supply built. We need all kinds of supply, whether it is laneway houses, townhouses, stacked townhouses, singles, semis, transit-oriented communities—whatever the shape of the development is. We need more of everything. That is the way I would put it to you.

S: Sure. Thank you. Riz, I think Joe makes a good point that a lot of what we hear in the news addresses the demand side of the market. Provincially, we have this foreign buyer's tax. Even municipally, we have been looking at short-term rentals and how to better regulate those as they add to the demand for what might otherwise be long-term rental units. Again, going back to the Fair Housing Plan, what are your thoughts? What is your critique? There was some language in the Fair Housing Plan around looking at the development application process and maybe putting together some ideas on how to speed it up and have some sort of supply measured there. Do you think it went far enough? What do you think about all of that?

RD: Overall, on the Fair Housing Plan, I think what Joe is saying is that I think the province had to act, because I think that there was this pent-up demand that was going out of control. I think there was a lot of speculation in the market, and I think that the foreign buyer's tax, to me, was a right move. Where I do feel it fell short was a lot on the supply side that Joe spoke about. One of the things that I think is the biggest problem is rent controls. I think implementing rent control really does not incentivize a developer to build more rentals. We saw a pipeline of somewhere between 40,000–50,000 purpose-built rentals that were in the pipeline to be built. A significant portion got pulled back. We are only seeing a quarter of that, that is going to be built at some point.

Rent control—basically what it does is it caps a developer's amount that he can rent it out in the beginning, and any future increases—whether they go up by 5%, 6% or 7 %—are capped at a minimum amount on there.

Who is providing that rental supply back into the market? It is really the development industry and the condominium industry and the individual investor that has bought their condo that is putting them out for rental.

The problem that is happening is that when I am putting out a unit out for rent, I know that renter will probably stay in a lot longer, so I am going to ask a higher rent to make sure that I compensate for maybe two, three years of flat rents on there. That is what a lot of the purpose-built rental companies are doing right now. What you are seeing is rent prices actually increase to the point that I believe last year it was said it went up by 10% in the year, and we expect that it is going to go up another 10%, 15% next year.

Supply is down significantly where vacancy rates are lower than 1%. Where did that actually help the supply side of the rental market? It did not, and it actually made it worse. We are seeing problems of that, and it is going to continually persist on there. That, to me, was the biggest issue that you had there.

As for development applications and getting sped up and increased, there was a conversation about it. I do not see anything that is being done on a provincial or city level to be able to expedite that. In fact, we will go into it a little bit more, but I think the removal of the OMB is actually going to be a detriment to the city, overall, in affordability. I think that those are things that we need to start working on is the supply side. It is a major issue.

CS: Sure. Just to add some data to that, last year, in 2017, we saw rents increase in Toronto by the most that they have in 15 years. We also saw that the CMHC put out a report that we have the lowest rental vacancy right now that we have had in 16 years. This is following the announcement and the implementation of much of the Fair Housing Plan, so, in terms of a metrics for success, we are not doing so well yet.

Jason, what do you think about, again, the Fair Housing Plan and whether or not it was the appropriate response?

JM: I think I will pick up on a couple of things that Councillor Bailão brought up off the top. Number one, I think the Fair Housing Plan did recognize a need for more data to be in the marketplace on all issues surrounding the housing market. I know TREB, and I know the building industry have been happy to take part in those discussions and provide their input when asked.

She also mentioned emotion. I think that even before the Fair Housing Plan was announced, there was data out there. Some were provided by TREB; some were provided by other organizations that suggested that there was, indeed, a supply problem in the Greater Toronto Area and, indeed, the Greater Golden Horseshoe. There was data on foreign buying activity, too. There was some in the GTA—most of our population growth comes from immigration, so it makes sense that we are also seeing foreign buying activity to a certain degree, but that number was small. That share was small. It was pretty obvious that while you could have a psychological impact by implementing a foreign buyer's tax, it was not going to get at the root of the problem that we are experiencing in the Greater Toronto Area, today.

I argue that right now it has masked that issue further than where it was a year ago, because there has been an impact, because as they have seen some buyers pull back and move to the sidelines. That has been magnified to a certain degree by the stress test that was implemented at the beginning of this year as well. That has masked it a little bit. Things are not quite as tight out there in a lot of segments of the marketplace, but we have seen the largest drop in new listings on TREB's MLS system on a year-over-year basis that we have seen in the last two-and-a-half years in April. I would expect that to continue.

As you start to see people move back into the marketplace, you are going to see conditions tighten up again over the medium to longer term, unless we deal with this supply issue, so it is important to note. When we have the data, we have to take emotion out of it, and we have to make proper decisions because when you are thinking about the housing market, certainly, the majority of households, the majority of people that have purchased a home or will purchase a home in the GTA, are or will be happy to have that home, and it is a place to live, but the great, great, great majority of them also do see that as probably the single-greatest investment they are going to make.

There are policy decisions that impact that. It also impacts a broader economy. You are talking about $7 billion a year in spinoffs just from transactions that are reported through our MLS system. Add to that the economic activity that spins off from new home construction, and it is even greater. We are talking over 140,000 jobs; we are talking about $3 billion worth of government revenues. This is sort of the interplay at work when you are making decisions surrounding the housing market. I would argue that we have not made any decisions yet aside from looking at data and looking at other data sources that are going to impact the supply issue in any meaningful way, whether you are talking about the resale market or the new home market.

JV: The one thing I would say is that the one thing that is a bit of an interesting point is that demand is real. Two hundred thousand plus people joined this region last year, so demand is real. There seems to be this idea that we are either producing too many homes, because they do not have many family formations, but, in the industry, we have a running joke that not only is demand real, but demand is being masked by what we call 'born-again singles': Couple gets divorced; mom keeps the house; dad needs a condo. That is the reality. You start seeing that as a secondary marketplace. That is part of the demand. On the supply side, if you are not building new supply, and it is only the private industry really building new supply, then the other end of the equation is, as Barbara said, people who are moving out of their family homes and making that home available. You are not seeing that because people are living longer; they are happy to stay in their homes; they are happy to invite their children back to live with them and their grandchildren to visit. What you have is that turnover communities are no longer turnover communities, so you have it at both ends.

B: I do not know if they are happy to stay in their homes or if we have a system that does not facilitate the movement of them into their homes, because there are about 2 million empty rooms in the GTA, and we need to get to the bottom of that. Why are people not moving? Is it because we do not have the stock that they would actually be interested in moving and make that home available for the next family? When I say the lack of data, I mean actually the lack of us understanding how people are moving. What will get these seniors out of their homes? I could say let us build missing middle, so they do not have to leave the communities and do all that. Maybe, but I have no data to show you this; this is just from the conversations. This is, I think, where we have to get to the roots of these problems. It is understanding.

There are two million empty rooms in our region, and there are families that want to have a family home, and they cannot. How do we make sure that it is easy for people to move around?

The same thing, for example, a lot of people have a big issue at City Hall to support luxury rental. We just had an incentive program for rentals at 150% average market rent. Some of my colleagues are asking, "Why are we supporting an average market rent?" It is about making people being able to move. Maybe some person that is able to afford the 170% or 200% of AMR—if you build it, they will move, and they will probably leave the one that is at 100% that was built 30 years ago that is probably some of the most affordable stock right now, available for somebody else. It is creating this movement that I think we also are not understanding what makes people tick and how we get people to move around to get that stock more readily available. I think we governments have a big role in that, because all kinds of policies either incentivize people to move or prevent people from moving. I think that is where we have to understand this issue a lot better.

CS: Speaking to that point, the Globe and Mail had a report a couple of weeks ago that showed that 52% of Toronto's land mass actually saw a decrease in population and decreased density. Speaking to the point that the councillor brought up, we have an election coming up, so concerning a lot of what has been done, provincially, we have a chance at doing it again.

It looks like there is somewhat of a neck-and-neck race with the provincial NDP and PC parties. What would you like to see from these campaigns? The PC party has not yet released its platform. What would you like to see from the PC platform, NDP platform? If you could, Riz, we will start with you. Include in your answer, a thumbs up and thumbs down on both the issue of inclusionary zoning, which has gained a lot of traction, recently and the Greenbelt. And for those who do not know, inclusionary zoning is policy that would require that any new development have a certain percentage of its units set aside for affordable or below-market rate rental—so inclusionary zoning and the Greenbelt obviously came up with some of Doug Ford's comments that he walked back. What would you like to see from the parties ahead of this next election?

D: Definitely something to do with a mediation between what the OMB is and the new policy that is going to be happening with the city because I just do not have faith that, with the removal of the OMB, we are going to speed up our development process any faster. I think density is going to be an issue with respect to what we are going to be doing in the downtown core, especially, where I focus on, and I think that land values, today, are at astronomical pricing. If we do not get some sort of density in here, I think affordability is going to be even worse than what we see today. That is the biggest scare that I have in the development community that has—Joe can talk about that more—become a real problem for the community. It is a real problem for affordability in the future. I started in this business probably 20 years ago, in Toronto, and then you could get a project zoned in a year, a year and a half. That same process today from buying a piece of land is close to three years. Then, you have got to sell the project, and you are looking at about a year from there, and then you have got another two to three years of actual construction. The risk factor that has gone from a developer, now, has gone astronomical to where the point where returns are in single digits. I just cannot understand why a developer would do development, today.

CS: Even with the prices that we are seeing?

RD: Even with pricing going up, it just does not make any sense. I looked at a proforma today of a site that we are looking at. Because the development charges are going up by 30% over the next three years, by the time the development charges are fully implemented is when we are actually going to start paying for that land—the development charges were the same price as actually the land value. It just does not make any sense to me. Why would anyone want to buy a piece of land when your development charges are the same value of it, as the land? I really think that there needs to be some provincial effort to look at fast-tracking approval processes, looking at density, to be able to increase that.

With respect to inclusionary zoning, I am not a fan of it, so I am not—I am going to tell you a thumbs down for that. I can spend a whole hour on that.

With respect to the Greenbelt, I am actually not, I am okay with the Greenbelt being as it is. I just think that there needs to be more density and urban density to be able to compensate for the loss of development land opportunities.

S: Sure. Jason, same question. What would you like to see from whoever the new provincial government happens to be and, again, if you could, thumbs up, thumbs down on both inclusionary zoning and the Greenbelt?

M: Councillor Bailão had mentioned the empty bedrooms and that sort of jumps off a study that CANCEA had undertaken for TREB, in conjunction with its year in review, an outlook report that came in January, and certainly it is clear. It gets back to something we talked about earlier as well that if you undertake consumer survey work—and we all have—and look at what people are looking to buy, and it is true. The majority of people, given all the options, would like to have that single, detached home. The issues right now is that there is not a lot of in between—between that single, detached home and say a condominium apartment. We certainly agree that tackling the missing middle issue is an important one.

S: Sorry, can you define 'missing middle'?

M: Yes, from our standpoint, it would be sort of a progression or a continuum housing that is higher density than say a single-detached or semi-detached home, which is the sort of common low-rise type, let us say, in the city of Toronto and many parts of the surrounding region, but lower density than say a condominium apartment. You are getting a little bit more square footage; you are getting more density on a given piece of land, but, at the same time, I guess you could say it is a hybrid that may meet a lot of the needs of people that are initially looking at say at a detached or a semi, so providing those options.

I think from a policy perspective, I would like to see—and this is from any party—decisions that are made on policy are data driven and are driven that you can make a concrete argument beyond the emotional side of things that this policy decision or that policy decision made sense because, again, I would argue right now that certainly the policy decisions that were made by the provincial government this time last year had an impact on the market. That is true. I do not think anyone would argue with it, but I do not think they had a long-term impact on the market. They certainly did not have an impact on the supply issue, even when they are presented with the data that said those types of policies would not help.

Insofar as the Greenbelt goes, I think a lot can be done within the current provincial planning constraints when it comes to the missing middle and what have you. It gets more back to the development approval sides of things. I defer to my colleagues that are more versed on the development side on the day-to-day basis, but, I think, certainly, that is an area to start.

I am not expert enough in the inclusionary zoning thing to really weigh in on it.

CS: Sure. Going back to municipal politics, Councillor Bailão…

AB: You do not ask me what I want from the provincial government?

JV: Me, too. Me, too. Me next.

CS: Okay, thumbs up, thumbs down, inclusionary zoning, Greenbelt, and, yes, what would you like to see from next government?

AB: I would like to have a government acknowledging that they need to come to the table with money to repair social housing. We need a strong housing benefit program. We have an opportunity with the National Housing Strategy, so we do need a strong national housing benefit and the province needs to be part of it. We need land. We need to make land available. What we did on the west Donlands needs to be replicated and done all over the city. We should not have to, but I think it is important to be given the direction from the province that on the transit corridors—and we are talking about it. But I think that having that direction very strongly from the province would be helpful. There has to be up-zone done; there has to be proper planning and up-zone as of right done along those corridors. There are major investments done with inclusionary zoning put in those lands as well, and we need incentives for rental.

They started with a good program, but, we, the City of Toronto, got $60 million; that is like peanuts. We have been advocating to have HST waived on rental for a long, long time. That is something that the rental people have been asking for a long time. I think this is the right time to do it. These are some of the things that we definitely need to see from the provincial government.

CS: Sure. Greenbelt, thumbs up, thumbs down?

AB: We need to keep the Greenbelt, absolutely. What we need to do, again, it is to ensure that we have an effective and efficient way to develop. There are plenty of spaces that we can develop. Look at all our avenues. We just need to be more effective and efficient, so that the development industry picks up on it.

CS: Sure. Joe, same question. Actually, just building off a point that Councillor Bailão mentioned, there has been a lot of discussion recently about unlocking employment lands for residential, or at least mixed-use, development. Do you think that should be part of a strategy? Let us get a thumbs up, thumbs down on that as well.

JV: I think on the employment lands, as I understand it, not just in Toronto, but in a number of municipalities, they are locked into a 20-year-old policy structure, which amazes me when you think about the fact that we are all talking about mixed-use complete communities. You have employment lands on a transit corridor and there is an opportunity to add mixed use to it. What are we waiting for? I think this goes back to the councillor's comments that cities need provincial guidance. They need provincial direction. Let us be clear about it, as your local councillor is elected by the local residents. The local residents do not want to see towers in their communities. They are going to elect the councillor who says no towers in our community. That councillor has an obligation when they go to council to say I was elected to stop towers in our community, so the employment lands get mixed into that conversation.

When I hear council asking for provincial direction, what I am really hearing is council does not have the ability, politically, to make a good planning decision because local politics demand they say no, so, dear province, come and fix this for us. I think we fall into that trap. That is why getting rid of the OMB becomes a big problem because, now, the province is doubled down on local council making the planning decisions. We will wait to see how it all plays out.

On the appointments thing, we absolutely need a change there and need council to be honest about it. Some of those factory jobs are never coming back. Why are we keeping 200 acres of industrial park, an area that is not coming back for industrial use? It makes no sense.

AB: I think having a planning system that actually—I mean, we only look at the horizontal. We could probably have the same density as we have today in employment and add residential if we have been able to stratify that space, but, right now, we do not really have much of those tools. That is what we need from the province. We need them to say, okay, maybe we can do that because it is true; reality is that there has to be a balance between protecting employment lands, but a lot of the employment that we are bringing to the city actually wants to be in mixed communities.

In my area, I had a big gaming company that came to the middle of my community, not to the employment lands, right in the area where there were residences and the people could walk out and have a coffee. How do you protect that and start seeing that you need to create these protections not only on the land, but also on the strata and that is how you create some of these.

JV: On the Greenbelt thing, let me just be on record when I say that we have always supported the Greenbelt. It is not going anywhere. It needs to be protected. The issue, for us, has always been what are the priorities when we do future mapping on the Greenbelt? Our view is there are lots of opportunities within current city limits. You do not need to touch the Greenbelt, but you have got to get those city limits to work. That goes back to approvals. It goes back to employment land policies. That is what it goes back to. It is not a Greenbelt issue in terms of land supply; it is about city limits. There are lots of available opportunity. Who wants to get it done? Is there a council that is supportive of moving those things forward or not? Typically, they are not, or they are into the extraction game. You could do that, but we need Section 37, or we need affordable housing units, or we need something to make it work. That is just the extraction game that, whether we like it or not, is part of the process during every single day. That is your job.

I am on the policy side. God bless you. There is that piece.

The last thing I would say is this. On inclusionary zoning, I would say this. I am going to give the province an F on inclusionary zoning because they came out with a set of policies that was about a partnership. Developer, you will have to provide; municipality, be a good partner and provide the incentives back. This is how the American model works. Then, the province walked it back and said the good politics are simply to give the keys to the City to figure it out for themselves. I am going to give the province an F. I am going to wait to see what the City does. I have been told that Cities are mature levels of government. They will make good decisions. Okay, let us see it. Now, is your chance. Show me you can make a good decision because it is very easy to give a planning approval to a developer on the planning merits, but if you really do not want that tower, then you can walk in and say, "Okay, developer, 80% has to be affordable units. Are you going to build that building? But, we gave you the approval. Are you going to build a building?"

S: NO.

V: We do not win. I think you have to wait to see how council wants to use this tool. Councillors who want to see things happen are going to make things happen. They always do. For the other 90% of council, it is just another tool to frustrate delay installing. I am always going to go back to housing supply and choice, whether it is townhouses in Rosedale or apartment buildings in Yorkville. People who do not want it will find a way to stop it. That is what we have to watch out for, now.

AB: I think that we could actually use inclusionary zoning to partner with the development industry, but actually have development and use it as an incentive to actually have development happening more in some parts of the city that, yes, that definitely needs it. It is a big city. There are different economics. We need to look at this as a big economic issue. It needs to work. When the minister did the announcement, I said, if we do not make this work, we are not going to get anything. This can be a feel-good policy, and it is going to be hard. I know it will be hard to have this conversation at council because there is always—we are having that conversation right now in laneway housing. It has been extremely frustrating because I am afraid that the policy is going to die by a thousand cuts. That is what we really need to be careful about. The same thing is going to happen with this inclusionary zoning. It is people understanding that if you do not create a policy that actually is going to produce and is going to continue to have a healthy development industry, we get nothing out of it because, if they are not successful and they do not build, we have nothing. We only get units when the project is going to be built, and it makes sense and people incentivize.

JV: We need 47 more councillors like Councillor Bailão on this issue. You all have a job tonight. Go find 47 more councillors.

CS: I will also mention on the laneway suite issue that Councillors Bailão and McMahon have been ex-lane. We know that there are a lot of political issues that Joe alluded to with who it is that ultimately elects councillors versus who it is that gets priced out of the city if prices continue to rise. We spent a lot of time on provincial politics. Unfortunately, we are running out of time, so instead of getting deep into the weeds on municipal politics, what I would like to do is take at least one or two questions from the crowd just to allow for anything that might be pressing out there to be answered by our panelists.

Questions & Answers

Q: Hi, I just had a question. I am from Interval House, which is a women's advocacy group and shelter. It is the oldest shelter in Canada. Just putting that out there. It was about the inclusionary zoning aspect in terms of affordability. We are all aware that the rent in Toronto is astronomical, and new rentals are relatively at a standstill. Can you share an idea of what low-income people can or should do about affordability in the city, because the benefits by the city, right now, are really, really limited? I know that sounds like a ridiculous question a bit.

CS: That is a good question.

Q: What is something substantial that citizens and advocates can look into while people are suffering or while people are waiting or trying to find rentals?

CS: Sure. Short-term solution that has a real meaningful impact on rents.

AB: Let me say, the first thing is that inclusionary zoning is not going to solve the issue of shelters and very deep subsidies and low income. This is the perfect example that people hear one solution and think that is going to solve all the issues. This is where we have to think of a spectrum. You have to think of people and incomes that go from $15,000, which is the average of income in Toronto Community Housing. Families at Toronto Community Housing make an average of $15,000 a year. To be honest with you, $100,000, $120,000—and there is going to be different programs, and in some instances, we are going to have to stack programs. Inclusionary zoning will be helpful once we are able to get those units, and, then, hopefully, having a benefit, a housing benefit such that we can get some of the people from the shelters and such that there is a nonprofit organization or something that is working with some of these units. That is the only way. Inclusionary zoning—let us be honest—is not going to produce housing for people that make $20,000, $15,000, $30,000. People that are out there—and I know there are some out there that are trying to portray this image, but they are not being honest with you.

What we need to understand is that there are people from $15,000 to $100,000 that need programming, and we are going to have to, in many instances, stack these programs from different levels of government. That is why it is so important to have a coordinated approach, to have a national housing strategy, and to have a strategy where three levels of government are working together with the assistance of the development and nonprofit to make sure that we are channeling people in the right direction. That is the only way that we are going to do the shelters.

On the shelter issue, as well, there is about 10% of our shelter users that use 60% of our nights, which is the chronic homelessness. The only way you are going to deal with those issues is if you bring the healthcare system into the equation and build good, supportive housing because when you have the majority of the nights being used by such a short number of people, they need more than just a roof over their head. It is not the inclusionary zoning; it is not the housing benefit; you actually need the supportive services. For those people, you need another level of service. It is also thinking about the people. You have the homes. We need the stock, but it is thinking about the people.

I often say, as much as probably some people here would not agree with me, we will not find a solution out of this issue just building our way out of it, just building stock, but we will also not do it by subsidizing it.

It needs to be both, because for different people, you need different solutions.

CS: Anyone want to add anything to that before we wrap it up? That is time. We got to about 1% of what there is to talk about in the housing market, but I hope it was helpful and that you all kind of mull over some of these ideas as you go and vote June 7th. Thank you.

BJ: Thank you so much. There will be an opportunity to talk further about these issues in the period after the formal remarks.

I would like to call on Paul McGowan, vertical leader of real estate, Teranet, to thank the panelists.

Note of Appreciation, by Paul McGowan, Vertical Leader of Real Estate, Teranet

Thanks, guys. On behalf of Teranet, I just wanted to thank everyone on the panel today—on behalf of not just us, but everyone in attendance today. We really appreciate all your insights and your perspectives on the future of the housing market in the GTA. I think that everything that you were able to share tonight was great, was insightful, and it really gives us a fresh perspective on what is happening, what we need to consider and how we can move forward in making the GTA a better place to live.

When I was listening to some of the comments, one of the things that resonated with me, personally, was really around he definition of success as a typical Canadian. I would say hat I fell into that same pattern myself: "I need to get out of ny parents' house; I need to get a job; I need to get a house, nd then I can start a family, and I can evolve, and I can grow." I believe that is still strong in the market today, but, Ana, I think you pointed out as well how those social impacts play into the decision, not only for first-time homebuyers, but even for the aging population. I look at my parents, for example, and they live in a house that is far larger than what hey need. There are multiple empty bedrooms in that place, but it is more of the social impacts that are keeping them here versus any of the financial aspects. It is sense of community. It is a sense of what I want; the inventory is not necessarily there. It really resonated with me—not just the issue of what the numbers look like, but what the social impacts are and the other data that is still missing out there that can eally drive that forward.

Again, on behalf of Teranet, we are really proud to sponsor this event. I hope everybody here enjoyed the panel discussion as much as I did. Again, please, give our panelists a great round of applause for tonight.

Concluding Remarks, by Barbara Jesson

Thank you, Paul. At the Empire Club, we really pride ourselves on being in a position to bring issues like this to public debate, but we could not do it without sponsors. We are extremely grateful to our sponsors, Teranet and REALPAC, fo making the event possible.

I would also like to thank mediaevents.ca, our onlin event space for live webcasting today's event for thousand of viewers around the world. Thank you to the National Post our print media sponsor.

Please, follow us on social media. We are on Twitter a @Empire_Club, and visit us online at www.empireclub.org You can also follow us on Facebook, LinkedIn and on Instagram.

Finally, please, join us again soon at our next event, in on week's time, on May 30th, with Premier Sandy Silver, th Premier of Yukon, at the Sheraton Hotel in Toronto. Than you so much for joining us.

We look forward to further discussion.

The Empire Club Presents

THE HONOURABLE
SANDY SILVER,
PREMIER OF YUKON

VITH: 21ST CENTURY YUKON: RECONCILIATION AND MODERN ECONOMY

Velcome Address, by Barbara Jesson, President of Jesson + ompany Communications Inc. and President of the Empire lub of Canada

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lay 30, 2018

Good afternoon, ladies and gentlemen. From the Sheraton Iotel in downtown Toronto, welcome, to the Empire Club of anada. For those of you just joining us through either our vebcast or our podcast, welcome, to the meeting.

Before our distinguished speaker is formally introduced, oday, it gives me great pleasure to introduce our Head Table uests. I would like each Guest to rise for a brief moment and e seated as your name is called. I would ask the audience to efrain from applauding until the Head Table Guests have been ntroduced.

HEAD TABLE

Distinguished Guest Speaker:

The Honourable Sandy Silver, Premier of Yukon

Guests:

Mr. Peter Armstrong, Host of On The Money, CBC News Network
Mr. Ali Badruddin, Managing Director, StrategyCorp Inc.; Director, Empire Club of Canada
Mr. Brent Bergeron, Executive Vice President, Corporate Affairs and Sustainability, Goldcorp
Ms. Tara Christie, President and Chief Executive Officer, Banyan Gold Corp.
Mr. Tobin Davis, Executive Vice President, Colliers International
Mr. David de Launay, Deputy Minister, Ontario Ministry of Northern Development and Mines
Mr. John McConnell, President, Director and Chief Executive Officer, Victoria Gold Corp.
The Honourable Ranj Pillai, Deputy Premier and Minister of Economic Development, Government of Yukon

My name is Barbara Jesson. I am the President of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

Earlier this month, I spent some time in Berchtesgaden in Germany. For those of you who do not know it, the infamous Eagle's Nest sits just above the village at an elevation of 1834 metres. Of course, it was quite dramatic to be there.

Let me share something with you. Several years ago, a good friend and her husband made the drive from Edmonton to Dawson City. They sent me daily photographic updates, and I tell you, truly, moment for moment, there cannot be more jaw-droppingly gorgeous scenic prospects anywhere on the planet. The Yukon has been on my bucket list ever since.

Just to put things in perspective, Mount Logan, the highest peak in the Yukon and the second highest in North America, stands at 5,959 metres. That is roughly 3,000 metres higher han the Eagle's Nest. There are few places on earth that have not been examined, mapped and recorded in the most detailed minutiae—parts of Africa, perhaps, and until the crash of Malaysia aircraft MH370, the southernmost parts of he Indian Ocean.

I read, recently, that it was not until last year that a BioBlitz n the Yukon turned up dozens of new species of flora and fauna that had never been recorded.

I grew up with my father reciting Robert Service poems with great dramatic flair. I think, like most people living below the 60th parallel, the Yukon remains, for me, a mythic frontier.

For the some 40,000 hardy inhabitants—many of them First Nations—the realities of life, the dreams, the hardships, he challenges, everyday concerns of earning a living and anxieties about climate change, are everyday facts.

Here to help us separate fact from myth and learn more about Canada's westernmost territory, its harsh realities, the need for industry and investment to sustain its peoples, the hurdles it faces in preserving its pristine splendor and reconciling growth to include its First Nations peoples is the Premier of the Yukon, Sandy Silver.

Sandy Silver moved to Dawson in 1998. The incredible community spirit he found there, which allows anyone who is ready, willing, and able to contribute, made it abundantly clear that Dawson would become his home.

He was first elected to the Yukon Legislative Assembly as the MLA for Klondike in 2011 and re-elected in 2016. In representing his riding, he works closely with the Tr'ondëk Hwëch'in First Nation, the City of Dawson, the Dawson City Chamber of Commerce, the Klondike Placer Miners' Association and other non-profit organizations.

Under his leadership, his caucus laid out four key priorities for the Yukon: Balancing economic growth and environmental protection, working in partnership with First Nations governments in the spirit of reconciliation, putting a greater emphasis on the importance of local decision-making by communities and cultivating a government that is open and accountable to the people of the Yukon.

Sandy Silver was sworn in as the Premier on December 3, 2016. He became the first MLA for Klondike to serve as Premier of the Yukon, and he is also the minister responsible for the Executive Council Office, which includes Aboriginal relations and intergovernmental relations, the Minister of Finance, and a member of the Members' Services Board and Management Board.

Ladies and gentlemen, please, join me in welcoming Premier Silver to the Empire Club podium.

The Honourable Sandy Silver

Hello, everybody. Thank you very much for being here today, and thank you very much for that wonderful introduction. I want to thank, first and foremost, the Empire Club for having me here today, for my opportunity to be able to talk about something so near and dear to my heart, the Yukon, and, of course, the Klondike.

I would also like to take an opportunity to begin by thanking our sponsor for this event, Goldcorp. Goldcorp has been active in the Yukon since 2016. Brent Bergeron and I were just having a conversation. It is amazing—it has been two years so far. It has just gone by so quickly. They have made their presence felt in the Yukon and the Klondike in so many powerful ways. They are one of those companies that just gets it. They recognize the importance of building a foundation of respect with the local First Nations and with the community as well. To that end, in April, Goldcorp, signed a very important collaborative agreement with the Tr'ondëk Hwëch'in, which is the First Nations in the Klondike region, which is where a significant part of their work is taking place.

This arrangement, this agreement, makes a new and bold way of approaching business in the Yukon, and it shows just how well Goldcorp understands the way to get things done in the Yukon. I want to congratulate Goldcorp, and I want to thank them for sponsoring us here, today.

The Yukon has an absolutely important story to tell. It is a story that Canada needs to hear. Believe it or not, I am not here to talk about the Gold Rush of the 1890s; I am not here to talk about Gold Rush, the TV show, either; although, a lot of the miners that you see on that TV show were once in my classroom in Dawson City, a classroom at Robert Service High School.

I am here today to talk about my government's relationship with Yukon First Nations governments and the impact that this relationship is having on our economy, the positive impact that this is having on our economy.

In Yukon, we have 14 distinct First Nations groups. Each one has its own governance structure that has been established long before the arrivals of settlers on their lands. We may be a small territory, but we are proof that concrete actions to advance reconciliation with First Nations governments can be a reality, and it can create prosperity, not just for First Nations, but for all citizens.

I would like to begin with some basic facts about myself and also about the Yukon, as this is my first time here speaking at the Empire Club. As I mentioned, I was a teacher by trade. I worked as the high school math teacher in Dawson City at Robert Service School for many years until turning into politics in 2011 and, as mentioned, I was elected as Premier in November of 2016, one day before Donald Trump was elected. I did not hog the newspapers that day.

The Yukon is a very small territory with a population of approximately 38,000 people. To put that into perspective, the University of Toronto is twice that size. Again, our small size is one of the reasons why we are able to be leaders when it comes to relations with First Nations governments.

It is kind of like a sample size of a bigger population. It is a petri dish of amazing opportunities. Approximately 25% of our populations are First Nations people, many of whom ive in the smaller communities outside of Whitehorse, like he community of Dawson City, where I live.

Finally, the most relevant of these remarks from me today, is that 11 of Yukon's 14 First Nations have signed contitutionally protected modern treaties as well as self-governing agreements. To put that into perspective, right across Canada, there are only 26 modern comprehensive treaties. We have roughly half of those treaties in the Yukon alone, in his small sample size.

I am not Indigenous. Therefore, I do not speak on behalf of First Nations governments, but I can speak about my experiences in the classroom, and I can speak to you about my experiences as Premier.

The treaties in the Yukon are young. The first four of hose treaties are only just now celebrating their 25th anniversary. I like to call it their silver anniversary. Sorry. started my teaching career in the Yukon basically when hese modern treaties were being signed. I knew very little of self-governing back in that time. To be quite truthful and rank, I knew very little about teaching at that time as well. was in my first year; I was young; and I was excited to inally have a paying job.

I want to tell you a little story of one of my first relationhips that I had with an Indigenous youth in one of my first years teaching. Before I was in Dawson, I taught in Whitehorse for a couple of years. This was in my first year, and I met this student—we will call him Richard, not his real name. The kid was a very bright, First Nations kid from the community, but he was out of his element. Back in Yukon, a lot of the communities are not big enough to support a high school, so you do your high school years in the capital. This is one of these students. Richard was deemed, right off the bat, to be a problem student. He was deemed to be a problem student because he wore his ball cap at school. You have got to imagine coming from the communities, where that is your armour. That is your armour. You are considered a defiant student right off the bat just for something small like that. To the administration, that was a defiant act. I was in charge of the defiant rural kids. It was a job that I absolutely loved, and it was a job that I was good at. We had a lot of these students challenge academic exams back then. We were very successful in challenging those exams and putting them back into academic streams. Richard was a little more of a tough sale.

I was not the slick salesman that you see up here before you today, back then, when I was trying to bestow the virtues of post-secondary education to young Richard. His excellent rebuttal at that time to my amateur pitch has stuck with me my whole life. I said, "Richard, you are First Nations. You've got the whole world by your tail. You have post-secondary education paid for. Let us get you an education. Let us get you a post-secondary education and there you go. Off you go." Richard's response was basically—I remember this pretty much word for word: "No offense, Mr. Silver, I make enough money in the summertime working for my uncle's concession in outfitting than you do all year. Comparatively, I do pretty good. If I got a degree, I would have to leave my community. I would have to go somewhere else with that degree. Education is for white folks." That is what he said. I did not realize then—and I wish I did. I wish I knew more about self-governing at that time, but, 20 years ago, Richard was right. There were not many opportunities for students like Richard in the Yukon, let alone in his community.

The number of Indigenous employees in the territorial government at that time was not motivational. I would say that you could say the same thing right across Canada. Even today, the number of Indigenous people in prisons—those are exceptional numbers. But when you take a look at provincial and territorial governments, those numbers are abysmal comparatively.

Where I saw the world as full of opportunity, it was smaller in scope for Richard. At that time, I did not see the benefits of self-governing, and it was happening right in front of us. It was just starting in the Yukon.

Today, 25 years later, after historic beginnings of self-governance in the Yukon, there are well-paying jobs, sophisticated industry jobs, and government jobs that Richard could have chosen from—jobs in the community, jobs with the territorial government or, most importantly, with the First Nations government. These are not band halls, folks, these are governments. There are also great jobs with industry as well and opportunities for self-employment. I call this 'the reverse brain drain' in the Yukon. In the communities that have self-governing First Nations, these effects are absolutely dramatic.

One of the defining issues of the 21st century in Canada will be if and how the imbalanced relationships between Canada and First Nations evolve into true partnerships. Whenever the topic of discussion in Canada is First Nations, the conversation inevitably turns to reconciliation. Reconciliation is one of those words that means so many different things to so many different people. It is a loaded word, and it is a word that is often used as a catch-all with little thought to what it actually means. What does 'reconciliation' actually mean, in practice? Reconciliation is not a First Nations issue. Reconciliation is a Canadian issue. If we are going to achieve real reconciliation, Canadians must appreciate and agree to the importance of reconciling our past.

The Yukon is a case study for what reconciliation in practice actually looks like. We have final agreements that give decision-making authority to Indigenous people. We have First Nations governments that have powerful voices, which create positive changes for their people. We have an economy that has shifted to include First Nations decision makers. This, in turn, has contributed to the economy in a very positive way. We are flourishing right now.

Perhaps the most significant and effective means of advancing reconciliation in Canada is through modern treaties and self-government. As I have already mentioned, Yukon is a leader in the negotiation of modern comprehensive treaties with Indigenous people, not just in Canada, but in the world. Yukon's agreements set out substantial power and benefit to Yukon First Nations governments, in areas such as financial autonomy, constitutionally protected rights to lands and to resources, and increased capacity and law-making capacity and authority.

This year, we just celebrated the 45th anniversary of a very historic event in Canada—for Yukon and for Canada. In 1973, a delegation of Yukon First Nations chiefs travelled down to Ottawa with a landmark document. It was called "Together Today for Our Children Tomorrow." It is a statement of grievances, and it is an approach to land claims settlements that was written by First Nations for First Nations people. The importance of this document absolutely cannot be overstated. It has been an instrumental document in shaping how reconciliation in practice has progressed in the Yukon over the past four decades. We can look back now with a clear line of sight and see the path from "Together Today for Our Children Tomorrow" as a document to the modern Yukon Umbrella Final Agreement, the UFA, and the 11 final and self-governing agreements.

The final agreements are modern comprehensive treaties that are protected through Section 35 of the Canadian Constitution, and they address such issues as land, fish and wildlife, the management of natural and heritage resources, and also economic development. These agreements are now the foundation of a more modern and fair governance process in Yukon. They strengthen government-to-government relationships and enhance our ability to both protect the environment and support sustainable economic growth.

Over the past year and a half that I have had the honour of being the Yukon's Premier, collaboration with First Nations governments has been a major priority in our government. Our government has approached collaboration in numerous ways, all centred around the concept that when we meet together, and we speak face to face, we can move forward in the same direction. We have reestablished the Yukon Forum. The Yukon Forum is a quarterly meeting between my government, the Yukon government, and all of the 14 First Nations leaders. It involves Ministers; the Premier; the Grand Chief of the Yukon, Peter Johnston; the chiefs of all of the First Nations; the councillors; the bureaucrats; the public servants of all governments in a room together. Starting with some easy wins over the year, and now getting into our fifth and our sixth Yukon Forum, the conversations are getting down to some real tough conversations. I welcome those conversations. These Forums give all the parties an opportunity to speak very frankly about shared goals and concerns and opportunities, but also what is ahead of us, what the struggles will be ahead of us, together.

We have also asked the chiefs to meet us in meetings with the federal government as well. We hold triparty meetings in Ottawa when we come down here to meet with the Ministers. We are seeing tangible results, tangible successes from this.

Specifically, we are seeing greater flexibility when it comes to federal funding that allows us to maximize the benefits of these dollars that they bring to the Yukon, to all communities.

Another key collaboration has taken place at the annual AMC Roundup Conference. We send a large delegation every year, and, last year, along with Deputy Premier Ranj Pillai; the Minister of Energy, Mines and Resources; and myself hosted a luncheon. This is a luncheon with all of the chiefs and the mining executives as well.

The attendees were available and able for the first time to have frank conversations and discussions about issues, relationships, priorities and goals with all the key actors in the room, together at the same time. All parties were able to speak, again, like at the Yukon Forum, very frankly, about their aspirations and their goals as well as their concerns. It was a fantastic start and the first of its kind—it was the first time we have done that in the Yukon. It is very important to recognize that this kind of deep collaboration between the governments is new, and it is working. We are getting to the point where these conversations are flourishing. It has taken significant time and effort to get there to where we had that respectful, trusting relationship between the government that I lead and the First Nations governments—just like everything else that is worthwhile.

In responding to these collaborative conversations, we have taken many actions. Earlier this month, we signed a new resource royalty sharing agreement with the First Nations. This agreement settles a long-standing dispute about the interpretations of the Umbrella Final Agreement and will give the self-governing First Nations a much larger portion of the shared royalties. This is a tangible example of how our government is working and is willing to work with the First Nations governments to respect the benefits from the resource extraction and how that must be properly shared. That is the thing about modern treaties: The traditional territories are put up for everybody, and all that is asked in return is that vision, together, on our resources, but they are at the table for those resources.

Our goal, as a government—for First Nations governments, municipal governments, territorial governments—is the same. We just want better for our people. We want positive improvements to the wellbeing of our citizens. Reconciliation, again, that loaded word—to us reconciliation is about coming together and uniting around common goals. It is a powerful thing to have all First Nations governments and the Yukon government advocating for Yukon issues with a single voice.

I would like to move to you about some specific areas in the economic arena. We will call it 'economic reconciliation', if you will. First, a few quick facts about the economy in the Yukon right now, which can be summed up with one statement. It is booming, and it is booming thanks to a lot of people in this room. At just 2.3% in April of 2018, our unemployment is the lowest in Canada, and it has been that way for over a year now. In 2018, the real GDP is expected to grow by 4.4%; and, in 2018, it is expected to grow a further

7.4%. Much of this expected growth is tied to an upswing in the resource sector where increased metal prices have led to an increase in exploration dollars, and there are several projects and mines that are on the queue to be open in the next few years.

It is important to note that it was not so long ago the rest of Canada was reaping the benefits of a positive GDP growth while the Yukon was in a recession. There was no quartz mining happening. The territorial government was fighting First Nations governments over federally legislated rights to lands and to resources. Now, according to the most recent Conference Board of Canada economic forecast, the Yukon was the only territory to see an increase in mining exploration for 2017. All the indications are that that swing is going to continue this year.

We can attribute the success to a few different things, absolutely. But one very important element is that our government has changed the tone of our relationship with the First Nations from adversarial to collaborative.

The proposition that I am making here, today, is that through setting a new, respectful tone at the political level between the Yukon government and the First Nations governments, we are witnessing a ripple effect that has created positive movement in our economy. Several companies, either working in the Yukon or considering working in the Yukon, are here listening to my remarks, today. This, in itself, shows that the industry recognizes the importance of this issue that I am speaking of, and I am so thankful for your support and also your leadership on this topic.

The Yukon government is taking a role as facilitator for those conversations between industry and First Nations governments. It is about capacity building. We want to support the businesses who show amazing leadership and understanding, like Goldcorp and others, that know and that just get it.

Where previously the government chose a more adversarial approach, our MO is to work towards agreements instead of letting the courts decide our future. We want to bring industry and First Nations to the same table and work together on the same issues. This is how we are shifting the approach to the relationship between the First Nations governments and industry by bringing everybody to the table and by creating an honest, safe place where respectful relationships can be built upon trust and can be developed.

I would like to take a few moments to thank and to speak to a few amazing examples that we are witnessing as showing tangible shifts and as showing how industry is taking the project development and exploration in the Yukon seriously when it comes to First Nations relations. These examples demonstrate how those Yukon businesses are building the economy that creates real opportunity for self-governing First Nations, but also how it is creating opportunities for all Yukoners.

This past January, for example, an exploration agreement was signed between the Champagne and Aishihik First Nations and Strategic Metals Ltd., which is a local exploration company, and this was an agreement related to any exploration happening in that First Nations traditional territory.

This particular agreement is notable because it guarantees consultation between the two parties will begin at the earliest phase of exploration and will continue throughout the whole process of the project. Legally, in the Yukon, that is not necessarily necessary. Consultation generally takes part in some of the later stages of the department, depending upon the size and the location. Strategic Metals President and CEO, Doug Eaton, whom a lot of people in this room know for his legacy of working with First Nations, understands the value of working with the Champagne and Aishihik First Nations.

If you want to develop projects in the Yukon, you need to foster positive relationships with the First Nations from the get-go. You need to work with them to create opportunities for their citizens and, in turn, opportunities and benefits for Yukon citizens.

Another great example of how industry is working with First Nations in new and innovative ways is BMC Minerals' Kudz Ze Kayah Project. It is located in the southeast region of Yukon. Their relationship with the Kaska First Nation has created significant employment and educational opportunities for the local First Nation. It has given many youth and entrepreneurs the experience that they need to be successful in work, in life and beyond the project.

Since acquiring the project in 2015, BMC has granted 70% of major site contracts—70% valued at over $7 million to Kaska-owned companies.

They have also placed a priority on mentoring Kaska businesses to make sure that these businesses meet standard contracting procedures and prerequisites and to enable them to prepare bids for the next contract season and the next contract season. Their work with Kaska community looks to the future as well. They have supported and created a number of scholarships and educational programs to help the youth gain professional education qualifications as well.

When I talk about some of these initiatives, I cannot help but think back to Richard, my student, back so many years ago, and how important these programs would have been to a student like that back then. These are only just two cases of how industry is taking steps towards creating trusting bilateral relationships between themselves and Yukon First Nations, and they are only two. We have so many incredible examples—"Every Student. Every Day" with Victoria Gold and Goldcorp's apprenticeship programs. There are so many. I know there are so many companies here that have so many things that they want to share as far as what they are doing to work with those First Nations. I could spend my whole speech talking about these programs.

The point is the tide is turning. This new approach is one that I hope to continue to see in the Yukon and across the country. I believe that we will. It is the governments that are maturing to some of these companies and their ways of working with First Nations as well. I really, truly appreciate the leadership that we are seeing from the junior mining companies and how that now is being fostered by the senior mining companies.

Some of you may be thinking it might be a little bit rich for me to argue that a shift in political attitude has anything to do with creating prosperity when largely mining is boom and bust. It is true that general success in the resource industry is largely dependent on metal prices, absolutely. However, I would argue that because of the Yukon's new approach to First Nations relationships where we are no longer seeing each other at court cases but are actually seeing each other at the table together, we are very confident about our priorities, and we are very confident about promoting the productive relationships between industry and First Nations. All of this we believe, honestly, is creating a significantly stronger and more stable investment climate. We have created security for investors because we have created security in our relationships.

This new investment climate, combined with an upswing in the boom and bust mining cycle, means that this is a great time to be a Yukoner, and it is an absolute great time to be investing in the Yukon.

I would like to take a moment to look forward to an institution that promotes reconciliation in practice, through education. You have all seen on your tables the brochures. Next year, Yukon College will open the first university north of 60, fantastic. This is currently Yukon College, and it will become Yukon University. For the past decade, an Indigenous lens has been extremely vital in the development of programming at the college as we plan towards the university.

We are starting with a Bachelor of Indigenous Governance, BIG. I like to call it the 'notorious BIG' because it is the first north of the 60. This is going to be offered in the fall, and it is developed hand in hand with those 14 different First Nations. They have been involved in curriculum development. They have been involved in content—everything, the pedagogy, you name it. We are very, very proud of this course. This commitment to Indigenization has earned Yukon College national recognition. In 2015, the Yukon College was the inaugural recipient of the Colleges and Institutions Canada Gold Medal for Indigenous Education Excellence. In 2017, the MasterCard Foundation and the Rideau Hall Foundation sought out Yukon College because of its reputation of building strong relationships with its territory and with its territorial Indigenous communities. Yukon College was awarded $4.6 million to deliver innovative educational initiatives designed with First Nations and intending to help Yukon First Nations succeed in education. And, that progress, I am so proud to announce, is starting this past year into this course.

Yukon College is a leader in Canada for Indigenous education. The Yukon aims to be there as well when it comes to, as I talked to you about before, reconciliation in practice. These are fantastic examples.

Through the Government of Yukon's approach to shifting the tone in the relationships between government and industry, we are witnessing a positive effect in the economy.

This demonstrates the true power and potential of economic reconciliation. When First Nations governments make decisions to support projects—this is very important—they are considering not just the short term, but the long term, both the positive and the negative. Here is the point. Yukon First Nations governments can do something that our governments have a hard time to do, whether it is a federal government or a territorial government or a provincial government. They can get the social license needed for a project. This is really important. This is a major part of reconciliation in the context of the economy, and it is an answer to the question "Can you have the economy and the environment as well?" Yes, you can, by partnerships.

In conclusion, my government recognizes the importance that reconciliation plays in the future of Canada. We believe that an essential part of reconciliation is recognizing the value of having First Nations at the table when decisions about our shared resources are being made. We strive to build true, collaborative relationships between industry and First Nations governments, and we are doing this for a number of reasons: Because it is right; because it works; it is what is needed to see a successful future for projects in our territory. The Yukon is a stable, progressive investment location in a time of economic uncertainty in North America and the world. I hope my remarks today have helped you to recognize the true potential that exists in this most remarkable community that we are so privileged to call home, the Yukon. Thank you very much, everyone.

Q: Thank you, Premier. I really enjoyed your remarks. My name is Sherry Campbell. I am with the Gordon Foundation. I am interested in hearing about all the opportunities for the mining sector, but I am interested in other businesses, other opportunities for small and medium enterprises in your province.

SS: Great question. We came into power, and there is always discrepancy over the books and where your financial situation is, so, as opposed to bickering and arguing, from a political lens, concerning what the financial situation was, we started what is called the Yukon Financial Advisory Panel, which was a third-party organization that came in, that was made up of individuals from Yukon and also from the nation, to show us where we are and what we should do to make sure that the Yukon is on a sustainable path.

One of the main considerations from that was that the Yukon Territorial Government needs to get out of the business of doing business. When you are a territorial government, and you get devolved all the responsibilities that Ottawa used to have in the territories, you take on all that responsibility. Years later, you ask Why are we still doing these things that we are doing? whether it is about land development or whether it is initiatives in the tourism industry. There are so many opportunities for us to grow our economy in a capitalistic model.

What we are trying to do—and Ranj Pillai is not only the Deputy Premier, but also the Minister of Economic Development and the minister responsible for Yukon Development Corporation—is work with our partners to see where these opportunities lie for us to get out of the business of doing business. It is working. We are seeing a lot of progression in that field.

Minister Jeanie Dendy, who is a Tahltan First Nation citizen is the Head of Tourism and Culture. She is working on a tourism strategy across Yukon. That is the main question. We want to be more the cultural side of Culture and Tourism, and we want the tourism sector to flourish and be a private sector consideration.

Here are a couple of different examples. We are always looking to make more partnerships. We are in a unique opportunity right now with federal dollars, whether it is gateway funds, which is about $.5 billion in money from Ottawa for mining roads or community investment fund or wastewater, well water fund—there are so many 25-cent dollars coming from Ottawa. We pay 25¢; they pay 75¢. We cannot do all this alone. We need to have a productive private sector. Without a productive private sector, and without these partnerships, we are going to leave money on the table. We are working with the First Nations governments. These conversations come up at the Yukon Forum all the time, and it is these partnerships in the communities—we have one small community in the Yukon called Teslin that has a great arrangement, a ten-year plan between its municipality and its First Nation. It is a moving, growing plan, and it is a great model for the other communities, so we are going around to all of the different communities in the Yukon, and we are finding best-case practices, and we are trying to implement those as skeletons—not necessarily models, but skeletons—for other communities to implement. We, again, are fostering those conversations.

Q: Good afternoon. Canada is a resource-based economy. Our economy, of course, and our standard of living depend on developing those resources and delivering those resources. For that, we need access to capital, to pools of risk capital for which there is worldwide competition. One of the advantages we have is that we are considered as a politically risk-free environment with a system of laws. As you know, that is a very valuable tool in getting that risk capital. What will the impact be of the recent decision of the federal government to nationalize a pipeline project rather than follow the laws? I know the impact it will have on the taxpayers, but you clearly recognize how important it is to have stable government in laws.

What is your opinion on the impact of that? Thank you.

SS: I do not have a briefing note on that. Here is an interesting anecdote for our position in the north when it comes to the resource industry and the federal government. The gateway money that I spoke about was kind of a hangover. It was a hangover from the Harper government. Two different territories got their money. The deal was not struck in the Yukon. It was kind of a Rubik's Cube of a deal where if you were a First Nation in the northernmost community, you had to say yes to the agreements on the bottommost community. It was very convoluted. The Minister and I spent a lot of time with Sohi. We finally got the deal done. We got the First Nations to sign in concept on this deal. We could not believe we got it done, but we did. It was so important that Trudeau came up to make the announcement. We told him, at that time that we really believe there is a divide in Canada. We are in Toronto right now. I think that for a lot of the youth in the big cities—there is a divide between what goes on in the rural communities and how important the resource industry is to our economy. We get it in the Yukon. We are convincing the federal government how important it is. If you can strike these deals with First Nations communities in the north and promote the development of our resources in a sustainable manner that considers not just this generation, but seven generations of Canadians, you are going to connect the divide. We all have our devices. I got here on an airplane. We all use the minerals. Would it not be better to have these minerals being developed in Canada, in a developed, progressive nation than in other jurisdictions around the world? I am not saying other jurisdictions are necessarily bad, but we have an opportunity, here, to lead Canada. We have an opportunity to lead the international community, and we need a federal government that supports initiatives like resource development, especially, in the north.

Q: **Christiane Bergevin—I am with Hydro One, and I also chair the Canadian Chamber of Commerce. We did visit Yukon last year, and you spoke to us. Several people here are members, including Brent Bergeron, who is on our board. I would like to congratulate you on what you have done for First Nations. That is amazing. It creates leaderships. One observation and one question. I was telling my colleagues at Hydro One how amazing our visit last summer was in terms of tourism—the old train; the river; the potential to take the highway to Alaska; an incredible airline, Air North, that is owned by First Nations, which is the best airline I have ever used in Canada. None of us knows much about it, so I am wondering, because you mentioned tourism, what are the initiatives to make this greater awareness?**

Second thing, on the power side, as you develop the mining potential, you have a very substantial hydro-electric potential, which does require collaboration with First Nations. Some studies were made in fact even to export to Alaska, so can you comment on what you envisaged in terms of potential developments in that sector or partnerships with First Nations? Thank you.

SS: Sure. First, speaking about Air North, which is Yukon's airline, I can speak all day about that partnership—majority shared is the Vuntut Gwich'in First Nation. When I first got to the Yukon back in 1996, I did so with a one-way plane ticket from Vancouver to Whitehorse with Canadian Airline—$800. Because we have this airline that is locally owned and cares about the people and cares about the economy, you can get back and forth—I mean the amazing deal, on average, is $240 for a return sometimes. You get these passes; you get these opportunities to be in the shares, to be a shareholder of the company. It is just a fantastic airline—best cookies you will ever eat. You see so many tourists come, and they ask, "They are feeding us for free? What is going on here? This is amazing." It is just an amazing airline. It wins international awards all the time because of how amazing it is and how progressive it is, because it was one of the first companies.

We have other companies like Northern Vision Development as well who has major shareholders, which have First Nations equity in those companies. And Minister Pillai can speak about this ad nauseum, and does, as he is very passionate about this because he came from that private sector that worked with those First Nations, and the hotels—they have a controlling majority on the hotels in the Yukon now. There have been initiatives with the private sector. Now, you are seeing a territorial government that is catching up with these partnerships. I think that is the most important piece.

We had a great meeting last night with some people from the investment community. I said it is not like we are inventing something. What we are doing is we are taking the chapters of the Umbrella Final Agreement, and we are implementing them. We did not invent them; we just believe in them. That is the most important piece. There are particular chapters for economic development. We are following it by the letter. There are deals to roads accesses. We are following that to the letter. There is land use planning that we are following to the letter as well, and it is working.

It is pretty interesting watching the territorial government and the departments slowly go, "Well, can we do this?" And they put their foot into that pathway. It is like, "Yes, of course, you can do that." That is exactly what our mandate is. It was great to see that. Moving that on to the business sector, to the tourism sector, again, all the First Nations governments have folks that are working on tourism in their individual communities. Minister Dendy has just got back from Teslin, on a community tour where Teslin wants to be more of a gateway. There is this community right beside Teslin called Carcross. They nail it. If you ever go to Yukon, you have to go to Carcross. It has got this beautiful tourism area, and it is at the top of the whole Chilkoot Trail and the Lake Bennett System. It is just the history that is there and to have that history being presented with a First Nations lens goes so far beyond an amazing story anyway.

The Gold Rush is such an amazing story. It really is, but then to have that story told from the lens of the First Nations perspective, that is the model. And, honestly, that First Nations perspective affected my community of Dawson City so long ago, and then I myself came up as a Cheechako back in 1996, and saw this community that gets along—the placer miners are getting along with the First Nations and actually they are the same people. That is the model. I am not reinventing something. I am taking this concept that these communities emulate, and we are putting it for the first time on a political level as a government. It is working. What we are doing is facilitating pathways of conversations, whether it be tourism, whether it be hospitality, and we are seeing palpable examples of how this is a success story.

Hi, my name is Jennifer Corriero with TakingITGlobal and the Connected North Program. I am so glad to ask you a question after you mentioned Carcross because I have been working closely with Carcross/Tagis First Nation and Ghùch Tlâ Community School for the past few years. My question to you, as part of the Connected North Program, is related to the gap.

As you know, high school students go to Whitehorse. We think about K–12 education and pathways to post-secondary because we also partner with Yukon College, and we work with schools in northern communities throughout Nunavut and Northwest Territories—I just came back last week. My question to

you builds off the vision of Chief Peter Johnston and also Chief Kluane Adamek, whom we supported in her role as founder of Our Voices and gatherings to support youth, and it is how do we support education pathways and leveraging the power of technology? I am just curious about your vision in the Yukon, in particular.

SS: Oh, my god, do not get me started. In my classroom, I was one of the first classrooms to have Promethean boards in my classroom for technology. I tell you, it really helps in those high schools. Dawson City is a small community. The populations of high schools are based upon a formula. If your town is shrinking, you get to a point where all of a sudden, you cannot afford to actually present a high school and keep all the teachers that you need for high school. We had to become very creative. In one classroom, I was teaching grades 7, 8, 9, 10, 11 and 12 for both academic and non-academic courses—trades, math—all at the same time. I tell you, that would be something where in other areas they would be saying, "Talk to my union; we cannot do that."

As a community—Tr'ondëk Hwëch'in, the First Nation in that community. They are doing so many important things as they draw down on the specific chapter of their self-governing agreements, so Chapter 17-7 when it comes to education. They are a leader in Canada, just like the Mi'kmaq in Nova Scotia. To have them empowering us through their CELC workers and having a community aspect to how we teach—we decided to just break the barriers and just do these things. Through all those adverse situations comes amazing innovation. What we noticed, at that time, was the whole teacher standing at the front of the classroom was gone. You cannot do that anymore. You need technology. You need that innovation to make sure that everybody can learn at their own pace. When you have some people that come from not necessarily the best communities or, sorry, the best families, you might miss a couple of days; you might miss a month. To be able to come back and actually start exactly where you left off—I tell you, it was the most amazing experience for me to watch that, and then to know that this is a safe place, and you are not going to get penalized for being a day behind. Technology helps with that. I could not do that without technology. It is so very important to what I stand for and the reason why I got involved in politics to begin with.

In Carcross, as well, there are lots of issues. We do have a divide. The graduation rates for First Nations are not where they are supposed to be yet.

There is a secondary stream in a lot of high schools right across Canada that I do not want to talk about right now because I will get pretty emotional about it, and we are doing our best to make sure that does not happen. It takes leadership. When you are just pushing kids along, you do not know that; parents do not know that sometimes until grade 12. The problems start in grade 8. We are making sure that does not happen. We are trying our best to make sure the kids are showing up ready—willing and able to work—and that education is something that they are empowered with.

There is this concept of educating as for and during education. You start out with this concept of What mark you want? What do you need to do? Where are you going in life? What do you want to accomplish? You start with that goal, and you say, "Okay, as of today, you are going to accomplish that goal." It blows people away. All of a sudden, it is every day we are going to make sure you maintain. That brings self-worth to individual students. That is something that I am very proud to work on.

I want to touch back in on the question, as well, from the folks in the back on power. There are lots of concepts going on right now. In terms of the Canadian Investment Bank, if we were going to be considered for that particular fund of money, we would be considering connecting to a national grid. And that is a big question and something that my Minister is working very hard on with his department to see if this is something that Canada and British Columbia wants to do. In that conversation, we have an untested, independent power production policy. We have all these First Nations that are working, whether it is on wind, solar, or hydro that can feed into a bigger system. When you have all of these people working together in synergy, and you are putting all of those conversations on the table—in the past, it might have been more guarded conversations. Everybody had their own particular projects. There are no secrets. We are putting everything on the table. People know what we are considering. When they know that the Minister is pushing forward for connecting to the grid, that changes people's perspective, and it makes them understand what our intentions are, not just on a budgetary consideration for one year, but on a longer-term basis.

We have done that in energy. We are doing that with our budget cycle as well. We have, now, a five-year budget plan where we show our capital investments of our five-year project. Again, all of this is to make sure that we facilitate partnerships in our investment to our infrastructure, but it also is there to make sure that everybody knows what we are doing. We can work together with the municipalities. We can work together. The municipality is doing a new building. That building, alone, is going to take a lot of our construction people. We want to make sure that we are planning around that. The more that we show, the more that we have the ability to work together when we partner on these infrastructure initiatives. Thank you very much. Appreciate it. Thanks, everybody.

Note of Appreciation, by Brent Bergeron, Executive Vice President, Corporate Affairs & Sustainability, Goldcorp

Thank you very much, Barbara. Thank you, everyone, for being here, today. It is a pleasure for me to be up here to speak about the Yukon.

My role at Goldcorp is actually to be in charge of corporate affairs and sustainability across all of our operations. Because I deal a lot with other countries, too, the normal tradition is that I would just acknowledge everyone in the room that is extremely important and all of our guests, but I will bypass that today because I only have five minutes. That is all they gave me to speak.

I will start off by just mentioning that Goldcorp actually purchased the Kaminak Coffee Gold Project back in May of 2016. It has already been two years since we have done that. Just to update everybody very quickly, the current status of the project is that we are currently in the permitting phase. We are going through the optimization of it, also, which includes a lot of technical engineering, which is an important aspect that also falls into the consultative part of what we do, which is extremely important when we look at the importance of working with government, with First Nations, also, to make sure that as you are advancing your project, you are doing it in a way that is open, transparent and very collaborative to make sure that there are no surprises. The reason why I am bringing this up is that it is important that you have a very strong partnership with government, and, in this case, Premier Sandy Silver and his team, because it is important for them to act as a facilitator for us with the different community groups to make sure that the project is being developed in terms of all the questions and concerns that are being brought along the way, ensuring that the regulatory process is also moving forward. And we have seen in the last months here in Canada that that can sometimes be a problem that can lead to what some people consider to be even bigger problems in the future. I will hold my opinion on that one.

Also, and I think the Premier made a very important point, that those two first points are actually very clear in terms of how processes are moving along, how collaboration is put in place, how consultation is put in place to lead to more investment in your territory and to lead to more investment in your jurisdiction. It is important that the rules are set in a way that reflects that you want investment, that you want development to be happening, but also that you want it to be happening in a very responsible manner. I think that is something that we have seen from the Government of the Yukon, which has really attracted us in terms of even pushing harder and trying to move it faster, but that is not always the case with different projects. It is important that you do have the support of your partners to be able to do this.

Since being elected, we have been very pleased with the entire team that has been put in place. I will just mention this, which I think is extremely important, if there are other members of government from maybe Ontario or some of the other provinces: The Yukon has this very special one-stop shop, as the Premier mentioned, where the Deputy Premier is also the minister of different portfolios, which has been extremely valuable for us in terms of being able to move processes along. Sometimes we do not need to go to different departments; you only need to wait for Ranj to actually change his hat, and actually ask a question to the next minister. The process has been very good in terms of being able to actually get things done. We still have a few more hurdles to go in terms of our own project. We are very pleased in terms of how we have moved it forward up to now. We have just signed our collaboration agreement with the Tr'ondëk Hwëch'in First Nation, which is an important milestone for us. We see that as a catalyst in terms of creating that long-lasting partnership and moving it even further with the Government of the Yukon.

Premier Silver, thank you very much for all your support and everything that you have done to date. We look forward to continue working with you and your team by moving this project forward, but also to looking at other investments in the Yukon in order for us to continue attracting investment to the region, which we think has a lot of potential, and being able to continue the development of the extractive sector and other businesses also in the Yukon. Thank you very much for this. Thank you.

Concluding Remarks, by Barbara Jesson

I was telling Peter Armstrong during the lunch today that, at the Empire Club, we believe that it continues to be very important to hold forums like this where people can have these exchanges in person despite the ubiquity of information that is available to use now on the Internet.

We could not hold events like this without the generous support of our sponsors. I really want to express a very sincere thank you to Goldcorp for making this event possible. Without you, we just could not do it.

We would also like to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world.

Although our club has been around since 1903, we have moved into the 21st century and are active on social media. Please, follow us on Twitter at @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram.

Finally, please, join us again at our next event, which is scheduled for June 12th, featuring the Cannabis Panel, taking place at One King West here, in Toronto. Thank you so much for your attendance, today.

This meeting is now adjourned.

The Empire Club Presents

LEWIS KOSKI, SHALEEN TITLE, WILL STEWART AND MODERATOR GEOFF ZOCHODNE

WITH: UNDERSTANDING CANADA'S COMING CANNABIS REGIME BY LOOKING SOUTH TO THE U.S.

Welcome Address, by Barbara Jesson, President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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June 12, 2018

Good afternoon, ladies and gentlemen. From One Kin West Hotel in downtown Toronto, welcome, to the Empir Club of Canada. For those of you just joining us through eithe our webcast or our podcast, welcome, to the meeting.

Before our distinguished speakers are formally introduced oday, it gives me great pleasure to introduce our Head Table Guests. I would ask each Guest to rise for a brief moment and be seated as your name is called. I would ask the audience o refrain from applauding until all of our Head Table Guests have been introduced.

HEAD TABLE

Distinguished Guest Speakers:

Mr. Lewis Koski, Co-Founder and Senior Director, Freedman & Koski; Former Director, Colorado Marijuana Enforcement Division

Mr. Will Stewart, Vice President, Corporate Communications and Public Affairs, Hiku Brands

Ms. Shaleen Title, Commissioner, Massachusetts Cannabis Control Commission

Mr. Geoff Zochodne, Reporter, Financial Post

Guests:

Mr. Cam Battley, Chief Corporate Officer, Aurora Cannabis Enterprises Inc.

Mr. Len Glickman, Co-Chair, Cannabis Group, Cassels Brock & Blackwell LLP

Ms. Megan Henderson, Executive Producer, The GrowthOp

Mr. Marc Lakmaaker, Director, Investor Relations and Corporate Development, Aurora Cannabis Enterprises Inc.

Mr. Andrew MacLeod, President and Chief Operating Officer, Postmedia Network nc.

Dr. Gordon McIvor, Past President, Empire Club of Canada

Mr. Mike Van Soelen, Managing Principal, Navigator Ltd.

My name is Barbara Jesson. I am the President of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests. It is now my pleasure to welcome our partner for today's lunch, Megan Henderson, Executive Producer, the GrowthOp, to offer today's welcome remarks.

Introduction, Megan Henderson, Executive Producer, The GrowthOp

Thank you, Barbara. Hello, everyone. On behalf of the GrowthOp and the National Post, welcome, and thank you for attending. We are thrilled to partner with the Empire Club of Canada to bring you a dynamic panel on one of today's hottest topics: Cannabis legalization.

The GrowthOp was recently launched just last week to provide a premium destination for cannabis news and views. Our goal is to keep you informed and educated on the news, trends and innovations within the cannabis industry for both medical and recreational use. We want to drive the conversation around cannabis forward and work to normalize the topic for Canadians.

Both the National Post and the GrowthOp are proud members of the Postmedia family, which is one of the top-ranked networks in Canada for trusted news. Currently, our network reaches 18.7 million Canadians, which is about 64% of the country. It is really important to us that those people can reach our content at any time of day or anywhere they are located. That is why we continue to invest in the innovation of our digital products and platforms like the GrowthOp.

Again, I want to thank you for joining us, today, and I hope you enjoy the panel. With that, I will hand it back to Barbara.

BJ: Thank you, Megan. It seems to me there is one question about the issue we are discussing, today, that has not had sufficient consideration: If we legalize everything, what are teenagers going to rebel against? Mood-altering drugs are not a new thing. The earliest known archaeological record for the use of opium poppy occurred from roughly the same time period that beer and wine first appeared, roughly five or six thousand years ago.

The proponents of legalization of cannabis for recreational consumption have laid out a number of strong arguments in support. Clearly, prohibition does not work. When marijuana use becomes problematic, it is a social, not criminal issue, and many people have been burdened with a criminal record for fairly innocuous infractions.

There is some evidence, from experience in Holland and Portugal, that legalization may actually help reduce consumption. Those opposed to legalization generally acknowledge the benefits of medical marijuana, but express concerns with some studies showing consumption to be dangerous, particularly, among adolescents who use marijuana heavily at ages 16 or 17, and over a period of years.

More generally, there is criticism that not enough is known about the long-term impacts on the brain, lungs and other critical organs, to make a call for legalization. Another key argument against legalization is related to regulating the drug among groups such as drivers and, perhaps, more surprisingly to me at least until I began to consider this, to the issues being raised by environmentalists.

To help sort through all these arguments and misinformation in order to better understand what recreational marijuana legalization will look like in Canada, we have convened our panel of experienced experts.

Lewis Koski is the Co-Founder and Senior Director at Freedman & Koski, Inc. and the former director at Colorado Marijuana Enforcement Division during the legalization of marijuana. Mr. Koski played a pivotal role building the first agency in the world to implement medical and retail marijuana policy.

Commissioner Shaleen Title was jointly appointed Treasurer and Attorney General to the Cannabis Control Commission by the Massachusetts Governor in September 2017. She co-authored the Massachusetts marijuana legalization referendum and has consulted on state and local marijuana policy around the United States. She was a founding board member of the Minority Cannabis Business Association, and she was also a founding board member of Marijuana Majority.

Will Stewart is VP, Corporate Communications and Public Affairs, at Hiku Brands. He is a leading public affairs authority on cannabis legislation in Canada. He has developed significant expertise in Canada's legal cannabis space working with a variety of large ACMPR licensed producers and other leading companies in the sector. Will also sits on the advisory board of Lift & Co.

Geoff Zochodne is a reporter, at the Financial Post and has covered the banking and cannabis sectors. He will chair our panel today. Prior to that, he covered Ontario politics as a journalist for Queen's Park.

Ladies and gentlemen, please, join me in welcoming our panelists to the Empire Club podium.

Lewis Koski, Shaleen Title and Will Stewart with Chair Geoff Zochodne

GZ: Before we came out here, we had the really unique privilege, I guess, of signing the Empire Club's book, and Barbara mentioned to me that Winston Churchill had been someone who had signed the book. I was thinking to myself, "Oh, how am I supposed to one-up Winston Churchill in writing in this book?" I thought to myself, "I will use the word 'cannabis', because I bet he did not use that—I would assume—so I might have that one on him."

This came up the other day when we were having a conference call. I think it was Shaleen who said it, and it was that you do not get too many opportunities to be present at the birth of an entire industry. That is where Canada is at right now. It looks like, in the not-to-distant future, we are going to legalize recreational cannabis, in addition to our medicinal regime. That is putting pressure on a lot of people to make sure we are that we get it right. There are a lot of boxes that need to be checked and a lot of things that need to get done before we get there.

I think that this panel is going to be really good to sort of give us some perspective on what other countries and what other states have done, I should say. It will try and give us an idea of the corporate world, as well, in Canada, and give us a sense of where things have come from and where we are today. First, I think we had a bit of an introduction with the biographies and everything, so I think I will skip that part. Maybe I will just go to Lewis and just get us going right away. Can you sort of walk us through what Colorado's legalized marijuana regime is?

LK: Sure. It is really both a combination of commercialized cannabis sales, distribution, cultivation, and it is also part patient-based where patients and caregivers can grow on their own. What we have found over the last few years is that regulated marketplace is really starting to capture a big part of the consumer's attention, and a lot of the cannabis sales are occurring through the regulated marketplace.

GZ: Shaleen, where is Massachusetts at so far? I think you said that they had a target date similar to what we have in Canada of July 1st for the recreational side, but can you just walk us through where that is as well?

ST: Sure. In Massachusetts, we had the benefit of having several states—Colorado and Washington and other states—go before us and to be able to look and try and learn from that as Canada is trying to do now.

My agency was appointed from scratch to implement the legalization of marijuana last year. We have five people with five different areas of expertise: Public safety, public health, government regulation, business and my seat, which is social justice. Over the past year, we have tried to develop regulations that can make this a fair and just industry where people from all different communities, businesses of all sizes, are welcome. Retail sales are set to start this summer. I expect they will start at a small scale and then grow gradually.

Z: Maybe we will get Will to give us the lowdown on Canada's system so far.

S: Yes, I think, in many ways, Canada is well ahead of the United States, even though we are not legal for recreational consumption now. In other ways, the United States are way ahead of us. We are, of course, legal for medical cannabis. That is a Supreme Court decision. That is not going away anytime soon, but we are actually on the verge of being the first G7 or even G20 country to legalize cannabis on the national level. That comes with a lot of distinct advantages that they just do not have in the United States—interprovincial trade is most notable. In the U.S., where you are selling cannabis, you have to grow it and process it within that state because transporting across state lines would be a federal offence. We can do that easily. Because it is legal on the federal level, so it makes research and development on the medical end and medical products, a lot easier. It also allows companies here to get significantly bigger in scale because they can access banks and capital markets a lot easier than the United States.

Finally, Canada will be a leader on the international stage, simply because we can move product from Canada to other countries and intellectual property to other countries rather than being landlocked on a state-by-state basis in the U.S.

GZ: Maybe we will go back to Lewis first, because I am interested in this piece. Colorado is really one of the first jurisdictions, I believe, to actually go ahead with legalization of recreational cannabis. When you are so far in front, who did you turn to for inspiration and advice, then?

LK: We started with basically a blank piece of paper. I recall when we were first starting to write down some of the regulations. We were, like, "Okay, we have all sorts of ideas" when we were going to start with writing regulations. We were left with Wow, where do we really start to try and get this new book written? in what ended up being a short period of time. What we did was essentially rely on other regulated industries that were pretty well substantiated. For example, with processing of licensing and doing background investigations, we looked to the casino gambling industry where they are renowned for very rigorous investigations and licensing processes, operational requirements, those types of things.

We also looked at alcohol because, in a lot of ways, in the U.S., people tried to—even though it is not really possible to do this for a lot of reasons—equate the point of sale of cannabis transaction with the same as being kind of a liquor transaction.

Everything leading up to that tends to conflict with one another, but we still borrowed quite a bit from liquor. In the absence of any other jurisdictions starting to license commercialized businesses, we relied on a lot of those other heavily regulated industries.

GZ: Before we move on, how has it been so far? Has it been a success? Has it met the goals that were set out at the beginning?

LK: Yes, we had a primary focus when I was in office, which was to protect public health and safety. In a lot of ways, we feel like we have been successful to the extent that you can be successful at that. Will said it really well when he was talking about the advantages and disadvantages of federal legalization. A lot of the issues that we were facing with edibles, manufacturing, those types of things, are problems that still continue to persist regardless of what your jurisdictional approvals are. We were able to really work through a lot of those through really strong public engagement processes, and we were able to leverage pretty much broad support from elected officials to really get off to a good start.

I would say, though, caution, it is far from perfect. We are not suggesting that Colorado is the model that everyone should follow. I would pay more attention to the mistakes that we made than some of the successes we had.

GZ: Shaleen, then, when Massachusetts had been going through its process, who did you turn to, and what are some of the goals that have been set out for the state as it heads towards legalization?

ST: We turned to Lewis. I actually worked on the Colorado campaign as well, so I think they did an excellent job, but they just did not have some of the data that we have now. In Massachusetts, as the law and regulations were being written, and we looked at the industry in Colorado, we were very concerned about making sure that access to the industry was available for everyone. I would say in Massachusetts, the three things that we have focused on are, first, making sure that we collect data in a way that is open and transparent and available to the other states and countries that want to follow. We have a research agenda. We have hired someone specifically to collect data. We are toying with the idea of an open data policy where not only would we make reports, but the public would be able to access it directly.

Secondly, we are focusing on equity by looking at the way that marijuana prohibition has been enforced against certain communities—not so much others in the United States—and I believe this is the case in other countries as well, making sure that those communities have access to the industry. Our equity program offers technical assistance, fee waivers, other ways to level the playing field.

The third thing we focused on is what I would call 'modernizing the industry' because we do not get this opportunity to start an industry from scratch very often. Our regulations include strict environmental efficiency standards, diversity plans—because it is 2018, we want to make sure that women, people of colour, veterans, and everyone is involved in the industry. All of our licensees will have to provide that as well, and we are just offering an opportunity for consumers to feel like they can be conscious, as they have enough information so they will all get test results of their products before they purchase them. And they will be able to learn which companies have gone above and beyond and have gotten leadership ratings in areas like environmental efficiencies, social justice.

Those are the main ways that we are trying to differentiate ourselves, but I would say, at the core, every country and every state is starting with, "Let us stop arresting and incarcerating people for this. Let us make sure that consumers can go into a store and buy a regulated product, pay tax revenue and lift it out of the illicit market."

Z: Will, on the corporate side, how has it been for you? Who have you been able to talk to, and how has it been so far? The legislation is not totally finished yet; some of the rules are still up in the air. How has that been for you and your company functioning in that sort of environment?

S: Yes, it is a huge amount of uncertainty for us. Our company, Hiku Brands, will operate 20–30 cannabis dispensing stores by the end of this calendar year which, by today's standards, makes us the largest cannabis dispensing chain in the world. That is only 30 stores. I say 'by today's standards' because there are competitors of ours who are also opening stores, who are in the audience, and I am sure that they will be trying to be as big as we are. We are doing the same thing. We are looking south of the border to see what has worked and what has not.

I would say that we are envious that they are at the place where they have private sector retail stores operating in Colorado. We believe in a strong role for the private sector. Five of ten provinces in Canada believe in a strong private sector retail model for cannabis. Ontario is not one of them, of course, yet. We will see what we can do about that in talking to the new government.

In other ways, Canada developed the medical regime to such high standards and with such a great private sector licensed to produce the model that many countries from around the world are actually looking to us, primarily, European jurisdictions. Australia is another example, to see how Canada did it—how they have maintained high production standards, how they have avoided diversion to the black market, how they have ensured that the product is tested and safe for consumption, and managed that entire supply chain at scale. Cannabis is an easy plant to grow. It is a much more difficult plant to grow when you have got a 1-million-square-foot greenhouse and you cannot use pesticides and other tools that are readily at the disposal of other agricultural industries.

Other countries who are looking to explore medical or recreational cannabis, are actually looking to Canada in terms of how we have done it. That is a real opportunity for Canadian companies to be those leaders around the world, to have that intellectual property, not just from growing the plant, but lighting systems, control systems, security systems. These have all have been built to such a high standard here—ironically, under the Stephen Harper conservative government, which I do not think is on his résumé. It is rather ironic to think that way.

Z: Do you think that Canada is setting itself for success so far? You mentioned that we have had this medical system in place for a while now. Do you think that has put Canada on a solid enough footing so that when they flip the switch, eventually, on recreational cannabis that it will be in a good spot to carry that out?

S: Yes, I think Canada should be proud—and, obviously, with the stigma around cannabis, we are not singing it from the rooftops. Most people are not singing it from the rooftops like they would, say, a BlackBerry or something like that, but Canada has set itself up well to be world leaders in this emerging sector. Let us be honest: Barriers to accessing medical cannabis or even recreational cannabis are falling around the world. Lots of countries are moving in this direction. It really is something where Canada can lead the way.

On the other hand, my American friends can speak more to this than I can, but the development of brands and consumer brands has been extremely strong in U.S.

states where it is legal. Those brands have affinity here in Canada. Licensed producers here in Canada are trying to create brands by press release, whereas, in the United States, they are building brands and building community. That is something that we are behind on, even though we are leading on medical.

GZ: You said the B-word, so I am going to take that and then use it to launch into advertising. I am curious to hear what Colorado did with its advertising regulations around recreational cannabis when that market started up.

LK: Advertising is a really touchy issue, I think, anywhere, because both in the U.S. and in Canada, it is protected almost as free speech. Anytime you go to limit advertising, you are opening yourself up for lawsuits. The way that happens is the legislature says, "Hey, we think you should regulate advertising," and then the agency that gets tasked with that gets sued almost immediately. We felt strongly, though, that for the industry to really come out of the chute and establish some credibility, that they had to join us in coming up with the right advertising restrictions. We did what we often did when we dealt with other difficult policy issues like testing, banking and production limits and those types of things. We did public engagement probably to a fault. Advertising was one of those. What we actually ended up landing on is the tobacco settlement that came out of the U.S., where basically if you had a certain percentage of readership or viewership that is below a certain age, you cannot advertise in that type of medium and it is your responsibility as the licensee to show that you did the due diligence to ensure that you are advertising in the right places.

That was it, in a nutshell. It does not mean it is the perfect structure. I do not know that there is such a thing with advertising being so protected. We still had challenges with things like adopt-a-highway; litter signs, so they could not advertise in certain venues. They would do an adopt-a-highway. We had some of our business toyed around with—the idea of sponsoring youth sports. As soon as we had those types of activities that were kind of percolating towards us as if that were really going to happen, we would reach out to the industry, again, and in kind of a more informal fashion and say, "Look, do you really feel this is going to benefit the industry at this point in your existence? Are you going to be able to establish credibility if you do that?" There was a lot of give and take. For example, when advertising at cannabis events that were specific for cannabis, we were a lot more permissive. And, on things that were not specific to cannabis and advertising, we dealt with those on a case-by-case basis.

Z: What about in Massachusetts, Shaleen?

T: I would love to speak to that as well because it is such a fascinating question. I think that when you are talking about advertising, there are very common sense items that I think most people would agree with; for example, you have to regulate that these products cannot make false, misleading claims, which is often an issue with herbal medicine. We want to have warning labels: "Think twice before you use this product if you are pregnant or breastfeeding," for example.

Then, of course, the public health experts who had worked in alcohol and tobacco were very clear with our legislators and us, as regulators, that when adolescents are exposed to advertising, it can make the use more prevalent. Massachusetts decided to take a cue from Colorado and say if you are going to advertise, you should be able to show that you have done your homework. That for us, it is 85% of the audience is of age.

Then, we also have seen suggestions that, to me, are just we do not like you; we do not like marijuana; marijuana is bad; therefore, you cannot advertise. But there is something like adopting a sports sponsorship or adopting a highway, and why should not marijuana companies be able to do that if other companies can? It is legal. There is no reason for that restriction. That is kind of the approach that I took, and we tried to be as reasonable as possible and really make evidence-based decisions in our regulations.

GZ: Coming back to Canada, I know we just had the Bill come out of the Senate, and I think there was a provision inserted in there that is barring people from making cannabis swag that you can sell or have to promote your brand. Do you need to have that as part of it in Canada?

/S: Yes, I think we do. If this is a hockey game between Canada and the U.S., score one for the U.S. for actually having a good sense of branding and advertising. Our company, Hiku, has been developing three main recreational brands for about three years. Tokyo Smoke, which won brand of the year at the Cannabis Awards in Canada—yes, there is such thing as Canadian Cannabis Awards. We have five existing storefronts in Toronto where you can buy really nice coffee and really nice paraphernalia, but no cannabis. We have a female-centred brand called Van der Pop, which was started by a 40-year-old mother of two who did not think that anything in the cannabis sector spoke to her. We have a west coast health and wellness company called DOJA that grows cannabis in the beautiful Okanagan Valley. We have been building those brands for two to three years each, because we knew that in a legal, recreational world, branding is going to be significantly constrained.

I think the government really needs to ask themselves the question If the intention of a legislation is actually to reduce the black market, then why do we have so many restrictions on the ability for us to use the same tools and tactics that the black market is currently using? We have plain packaging. There is no debate about that. In our stores, we cannot even put cannabis on the store floor. You have to buy it and then run to the back, get it and bring it back out. We are not allowed to advertise, by and large. We may not be able to print the same t-shirts that you pull out of your Bud Light cases, never mind flashing red lights when important goals are scored. We cannot do any of that. Yet, we are tasked with getting rid of the black market.

I think, you mentioned the Senate amendment, the swag amendment, as we say, according to which you may only be able to put cannabis branding on cannabis and accessories. We do sell Tokyo Smoke hoodies. They are beautiful. Everyone should have one. If I sew a smell-proof pouch into the front of my cannabis hoodie, is it now a cannabis accessory and I can now brand it? I think you are going to find the companies in this space trying to figure out a way to build their brands over time as recreation takes hold.

GZ: Before we get too far, I want to go back and talk about the medicinal side of things, because as we have this rush towards recreational legalization, we already had the medical market there. We have a lot of LPs that are doing that. Let me start with Shaleen first. How is Massachusetts protecting its medical users as it gets ready for recreational legalization?

ST: The primary concerns that we heard from patients were that they were worried the adult use market would sort of absorb the medical market, that they would not be able to access their preferred products anymore that worked for their particular condition.

They were concerned about supply, that if there is a supply shortage, that there would be long lines of people over 21, and patients would not be able to access their product. We took that into account. We were the first state to protect patients' supplies. If a company wants to be both a medical and an adult-use company, they have to put aside 35% of their product, at least initially, for their patients to ensure that there is still enough supply for them. Also, patients do not have to pay taxes on their product, because it is a medicine for them, and they have access to larger amounts of the product as well. We are trying to make sure that as we merge the markets in some ways, that patients are still being respected.

Z: Lewis?

K: In Colorado—and we are seeing this model play out in a number of places across the U.S.—the patients can still grow for themselves. As Shaleen was saying, some of the biggest concerns we heard was access. A lot of that had to do with the fact that a lot of the rural cities and counties within the State of Colorado said no to commercialized cannabis. They were really concerned that if it went to only a commercialized model, that the patients would not get access.

The other concern that I think they have is it is not necessarily an easy plant to grow. It is pretty costly. If patients have the same experience trying to brew beer, they are going to want to find a store to go buy cannabis. I think there is this interest that patients have in continuing to expand our retail market because, in a lot of ways, the commercialized market, even though it is a separate doctrine between medical and retail use are pretty ubiquitous between the two of them. The more commercialized it gets, the more likely they will have the access they want from the commercialized market, but then there is still the concern over price.

We have noticed from data in Colorado that retail cannabis, if it is just considered to be adult use, is much higher in price than cannabis that is being sold to patients. I think patients really get concerned that—especially, if they are legitimately using it for ailments where it is really helping them—if the commercialized market gets too strong, then the price will go up, and they will lose access that way.

GZ: Can you touch a bit more on, you mentioned the home-growing side of things. What did Colorado do on that front?

LK: That was an evolution of policy because, in a lot of ways, the original policy from the early 2000s ended up becoming a commercialized market. When we decided that we were going to license this commercialized market, there was still this policy that existed through a constitutional amendment, and, in a lot of ways, that continued to allow that area or that segment of the industry to still prosper. What ended up happening, we think, is since the commercialized market took a foothold and a lot of buying patterns changed, what was kind of an unregulated grey market turned into an illicit market for moving bulk cannabis outside of the state. The evolution part was we went from no limits on how much a patient could grow for themselves or they could grow for another five patients, as a caregiver, to limiting it to 99 plants per patient, which is still a ton of cannabis, not literally, but it is still a lot of cannabis to have. Then, we reduced it all the way down to now where it is you are allowed to only grow 12 plants in a residence. As soon as you go north of 12 plants, then you have to become a commercialized business.

Z: What about in Massachusetts? What is the plan there for home growing?

T: Home-growing is absolutely allowed for everyone over 21 in Massachusetts. I think that should be non-negotiable in any law.

Z: Has there been any pushback from communities?

I know in Canada there is some concern among the provinces and municipalities there in home-growing, or has it been a pretty unanimous support for that?

T: There was some during the legalization campaign but, really, nobody can point to any evidence that home-growing has caused any kind of problems.

Z: I want to go back to something you said before we move on, and that was on the equity side of things. I think one part of the rationale for the legalization has concerned the disproportionate impact that drug laws have had on certain communities, so can you just go a bit deeper into what it is Massachusetts is doing to ensure that when the system rolls out, it is fair?

ST: Absolutely. First of all, I think it was really important that our program had to be fair from the start; otherwise, if you put an equity program, it is akin to just a cosmetic diversity plan that does not really do anything. When we started, we did not put any caps on licenses because, in my experience throughout the U.S., when the states that have said we are going to start with 30 licenses, then there is a fight for them, and that has been really bad for equity and that has been really unfair. So, no caps and licenses at the state level, no particular capital requirements, so that people just have to show that they are able to run a business, but they do not have to have $500,000 as it has been in previous states. Our application fees are very low. We have seen application fees as high as $30,000 on a nonrefundable basis. Our application fees are $500. We are starting there.

Then, we go further. People who have had either drug convictions or their parent or their spouse has had a drug conviction or people who are from communities that we have determined through data studies have had disproportionate rates of arrest and incarceration are going to have technical assistance, fee waivers, and, then, most importantly, certain types of licenses, social consumption and delivery licenses that can be started with a lower amount of capital. They are going to have first crack at those types. We just want to make sure that as we get this opportunity, that people of all sizes, businesses of all sizes, have access, and we are not trying to penalize any big businesses, but we are trying to make sure there is room for everyone.

Z: On the corporate front, is there a responsibility for companies in Canada to respect the cannabis culture and to ensure that there is fairness to people coming up?

S: Yes. I mean, I hope there is. I think we owe a huge debt of gratitude as people who are now involved in the cannabis sector. We owe a huge debt of gratitude to the early civil disobedience movement of the medical movement and Jonathan is here now with Aurora, probably one of the leading advocates for medical marijuana in the country, so, please, say hello to him. I hope there is an ability for other people to be involved in this.

The challenge is America has life, liberty and the pursuit of happiness. I think you heard that through unlimited license, low access fees, 99 plants. In Canada, the equivalent is peace, order and good government. We love government, and we love regulations. Our equivalents are four plants, and even that is controversial. And there are permit fees for storefronts—I have seen $10,000–$15,000 per store just to qualify. If you want to grow this stuff, and my friends from Aurora can tell you this—$10 million to get a facility going, at least, depending on the size and scope, just to meet all the Health Canada and government regulations that are imposed on us. I am not complaining about it. Cannabis is a controversial product. It is something that we are reintroducing into society after 100 years of prohibition. We need to be able to do it right and, as an industry, we need to earn the trust of the population. By the same token, we are treating this plant a lot harsher than we have treated almost anything else coming to market, including things that are already in market, including alcohol, as a perfect example.

GZ: Lewis, how did Colorado ensure that its rec market was equitable?

LK: I think that is probably one of the biggest things we missed. To Shaleen's point, if you want to address that issue, now is the best time when you are at the onset of developing and implementing the policy. I think in Colorado, we missed really thinking through how communities were impacted prior to legalization, and we were so focused on that blank sheet of paper that we had in front of us that, to a large extent, we just missed on that.

To our credit, though, I think there has been some change there, especially, with respect to previous convictions for crimes that are no longer illegal in the State of Colorado. There has been a lot of deference paid to people with those types of criminal histories and being able to get them into the marketplace.

What we are seeing though, nationwide—it is kind of exciting, especially in terms of the social justice issues—is Massachusetts or Oakland, California, and a number of other jurisdictions are really moving this issue to the forefront, which is, I think, where it really needs to be. We really need to start thinking at the onset how minority communities, poor-income neighbourhoods that have really been the target of the "drug war" can be engaged in the industry. To the extent that they want to be engaged in the industry, what are the best methods for doing that? Is it to have programs for them to have some form of ownership in the company? Is there some criminal justice reform that needs to occur where they can help to be at least employees within the industry? Are there educational and social programs? In cannabis, there is a lot of high-paying, high-aptitude positions—scientists and horticulturalists and businesspeople, and how do we get the right training for minority communities or members of the minority communities, so that they can participate in some of those positions as well?

Z: I think on that, we have a few minutes, so I think we can go to the floor for some questions, if people have them.

uestions & Answers

: I am wondering if the panelists from Colorado and Massachusetts can speak to banking and how financing the industry is going because in terms of banking in the States, you would have some that would be provincial, which is different than Canada, although, we have a little of that as well, but not with banks, per se?

T: I can speak to that. That is a great question. Banking is absolutely a challenge, probably our biggest challenge now in Massachusetts. Because cannabis is federally illegal, most banks, or perhaps all banks, do not want to work with cannabis businesses. As much as we, as regulators, have tried to work with them and paid attention to this, we cannot force private businesses to do anything. If you look at it from a commonsense perspective, regardless of how you feel about marijuana legalization, if there are going to be marijuana businesses, they should not be working with cash. Law enforcement agrees; neighbours agree; everybody agrees on that. We do have some federal bills to address this that I hope will do well as this issue progresses and the stigma is reduced. I will let Lewis speak to Colorado, but one thing I have noticed is that as time goes on, I think that banks tend to change their risk analysis.

LK: Yes, that is exactly right. The more mature the regulatory framework, the more likely you are to have ample banking services. We estimate, in Colorado, about 80% or so of the cannabis businesses in the state are banked. Interestingly enough, though, I think we talked a little bit about the advantages Canada has versus the advantages U.S. has. Recently, we were doing some research for a white paper that we wrote, and we talked to a number of money services companies. One thing we were told is that money services—so electronic payment for cannabis—are going to continue to be a challenge for quite some time, in the U.S. Even though we might have typical banking services, and you will likely have that with certainty here, in Canada, there still might be a challenge within the entirety of North America whether or not there can be a lot of electronic transactions that happen. The banking issue might transcend into Canada for that reason as well.

/S: I will just say, briefly, we have a number of advantages here, but the large mainstream banks that are all around us here on Bay St. have been late to the party on this. They are very apprehensive about getting involved in the sector. We are starting to see that now, primarily with BMO. The flipside is the credit unions have really had a whole new business line developed that the banks are not even in. The credit unions are really running the programs in terms of accounts, especially, accounts, right now. We have seen a lot of smaller boutique investment houses that have grown quite large, some cannabis-specific. That, again, is transferring over into some of the banks. I think that that is just part of the evolution of cannabis from illegal to legal and moving from the fringes of society to a something that looks and acts like a more traditional Canadian business.

: Hi, Shaleen, I just had a question. You touched on the environmental aspect, and I do not think a lot of jurisdictions are doing that. I know we are not, in Canada, for sure. I am not sure about Colorado, but could you elaborate a bit more on what legislation you have in place for that?

T: Sure. Massachusetts is considered a leader in the United

States on environmental efficiencies, so there was a lot of pressure on us to ensure that the cannabis industry did not jeopardize that. We also have a Global Warming Solutions Act, which requires the state to cut back dramatically on its energy usage. Within that framework and also for the fact that it was the right thing to do, we required cannabis companies to basically use LED lighting at a certain wattage standard, depending on their size of 36 or 50 per square foot. From what I have seen so far, it is really encouraging innovation in lighting, and I hope that other states will follow suit. I will add that we are very open to the idea that this was not exactly the right standard. We have a working group in place that is taking public feedback. We are going to revisit it later this year.

LK: I would just add that one thing we have noticed, and this is fairly anecdotal, but the higher the cost of energy, the more likely a jurisdiction is to really focus on some of the environmental impacts. In Colorado where the cost of energy is considerably less than what it is in Massachusetts and California, there was less attention paid to the environmental aspects, whereas in California and Massachusetts, you see much more attention been given in that direction.

WS: I will just say very briefly, I think that movement is starting in Canada now. I know one of our facilities in the Okanagan Valley, DOJA, is moving to things like LED lights and is very concerned about our packaging and biodegradability of that. I think it is happening. I know folks like Pollution Probe have been asking around about what more can be done in terms of limiting people's footprint on facilities. The irony is the most expensive electricity in Canada is in Ontario, and most of the licensed producers are in Ontario, because they are in old manufacturing facilities that sat vacant, because the manufacturers could not afford the electricity prices and moved to other places. I think by its very nature, it will come, because it is good business and good for profitability, not just because of a CSR initiative or a mandated policy.

: And, of course, advocates like Bill Maher immediately jumped on it and said that is low-hanging fruit and everybody would be great fans of his that are not traditionally in his base. In Canada, we have had the impression that demographics of people that use marijuana or choose to use marijuana and who do not use marijuana, and will not use marijuana, will not change dramatically after legalization. Was that your experience in the United States or were there surprise demographics that emerged of new users that you were not expecting at all?

K: I can start on that. I promised my business partner I would not mention President Trump in this crowd, so I am so happy that I get a chance to do this, today, to spite him. I would just say that across the board in almost every jurisdiction, we see spikes in use at the onset of sales, and then everything kind of levels off. The most recent data in Colorado would suggest that men still consume cannabis at far greater rates than women, but they have not changed that much since legalization.

On an encouraging note, some of the most recent data on youth use would suggest that there is a statistical decrease in youth use in Colorado. I would say that it is going to stay about the same. There is that 80/20 rule where 20% of consumers consume about 80% of the product. We have seen that with cannabis and alcohol and cigarettes, those types of things. It is going to stay the same. Your demand is what your demand is, and it might grow over time.

ST: I agree with Lewis. I would just add that I have seen some very interesting data that shows that the method of use can change. Some people would be using, for example, joints or smoking flower in the illicit market and then once products like tinctures or edibles are available to them, then they tend to change their usage.

WS: Very quickly, I think we had raw flower legalized in medics in first, so 100% of patients would consume raw flower. As soon as oil was made legal, we saw, almost immediately, that the market was split. Now, oils are taking up more of the capacity for medical patients. I think we will see the same thing in recreational use, over time, especially once the government legalizes concentrates, vape pens, and edibles in 12 months' time from the legalization.

GZ: On that note, we are going to wrap it up, I think.

BJ: Thank you. I did tell Lewis, at lunch, that despite his president, we did let him cross the border this morning. I do not think Shaleen really needed permission because she has family here. I think it would be remiss if we did not welcome them, so thank you so much for joining us, today. It has been a pleasure having you here.

I am pleased to welcome Andrea Paine from Aurora Cannabis Enterprises, to thank the panelists.

Note of Appreciation, by Andrea Paine, Director of Government Relations, Aurora Cannabis Enterprises

Thanks, everyone, for being here today, and thanks to the Empire Club for hosting a really enlightened and educational forum. I think it is really important that we get more informaion and education out, and hosting discussions like this will bring cannabis to the forefront and have people understand and governments understand the industry a little more.

Thank you to our panelists for attending, today. It was Auora's pleasure, as well, to sponsor the luncheon. I would be emiss if I did not introduce some of my colleagues who are here, today. If you could stand up, Savior, who is our Senior Vice President of Marketing and Promotion; and Shaka, who s with us here as well, who works with Savior; and Jonathan, who is sitting at my table. I believe there is an additional peron here. Is there? There is Paula. Paula, if you would stand up. She works with our promotional team and David. Welcome, David. He is new to the Aurora family. One thing we can say about people in the cannabis industry is there is a lot of passion. The passion—I think Will kind of mentioned it—comes from some of the people that have been in the industry for a long time. They have come from the grey markets; they have come from places where it was illegal on both fronts to be involved in the cannabis industry, but they bring with them a passion that has been joined kind of in a hybrid way in our industry by people like many of us who have joined the industry with our expertise and ability to move companies and the cannabis producers ahead. I do not know how many of you, today, are with the cannabis industries, maybe you could do a show of hands? Who here is with…? I think we can all agree that there is a passion there that you do not often see in many other industries today. Congratulations, to all of you. We really are an emerging industry. Just before we sat down for lunch—the way things are going so fast—Québec just passed their cannabis law. It will become legal in Québec to consume. It has been a little bit of a trial in Québec but, nonetheless, it has passed. I think there just remains one province and two territories to pass their legislation, and then the federal legislation, which is now back in the House of Commons.

It is an exciting time for the cannabis industry. Legalizing cannabis for consumer use and putting rules around that and trying to push back a vast and sophisticated black market with a legal, regulated and safer one is really important for Canada. It is an important moment for Canada, it is a good moment for public policy, and it is a good moment for global leadership. Canada is leading the cannabis industry. Just today, Aurora announced that we signed a deal with Anandia. We are really, really incredibly proud of that, because they are considered the industry leader in science, genetics and independent cannabis product testing. Led by Dr. Page, he was the first scientist to sequence the cannabis genome and provide deep insights into the interplay between cannabinoids and terpenes. Anandia intends to expand its R&D product testing and product development facilities to meet the domestic and international demand. This is exciting news for Aurora. It is an acquisition that expands our science capabilities and brings deep science into Aurora. This is just one example.

Aurora and other cannabis producers are inventing a new global industry, but more than that, we are leading the way and legalizing cannabis for progress at a global level. Along the way, we are driving important investment, economic development and employment in Canada and in the world. World leaders, today, in other countries are coming to us for our expertise. There is a practical idealism and sense of mission at Aurora and to everyone we bring into the company fold. It is an exciting moment. It is one that changes and grows and diversifies every day. It is one we are super excited to be involved in, and I just wanted to thank you very much for attending today and for your interest. I hope you continue to follow our great story. Feel free to speak to any of my colleagues that are here with me today if you have any questions. Thank you very much.

Concluding Remarks, by Barbara Jesson

Thank you, Andrea. The Empire Club prides itself of bringing issues to the public forum to share thoughts and experiences. We would not be able to do it without our sponsors. We are so grateful to them. First of all, our event sponsor, Aurora Cannabis Enterprises, thank you so much. To our VIP sponsor, Cassels Brock, and, of course, to our event sponsor, the National Post, thank you all so very, very much. Without sponsors like these great companies, the Empire Club lunches would not be possible, so we are extremely grateful for your generous support.

I would also like to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world. Thank you to our sponsors and to mediaevents.ca.

Although our club has been around since 1903, we have moved into the 21st century, and we are active on social media. Please, follow us on Twitter at @Empire_Club, and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and on Instagram.

Finally, please, join us again for our next event on June 18th, featuring the Ontario Post Election Political Landscape Panel, taking place at the Albany Club, here, in Toronto.

Thank you so much for your attendance, today.

This meeting is now adjourned.

The Empire Club Presents

ONTARIO POST ELECTION POLITICAL LANDSCAPE: A DEEP DIVE WITH KEY CAMPAIGN STRATEGISTS

Welcome Address, by Barbara Jesson, President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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June 18, 2018

Good evening, fellow Directors, Past Presidents, members and guests. Welcome to the 114th season of the Empire Club of Canada, and, welcome, to the Albany Club.

My name is Barbara Jesson. I am the President of the Empire Club of Canada and your host for this evening's event, a discussion on "The Ontario Post Election Political Landscape."

I have some mixed feelings in saying that I am in the final hours of my presidency. Tomorrow will be our final lunch, and this is our final evening event. I would like to take a moment just to thank the Evening Events Committee, chaired by Megan Boyle. She is not with us. She has come down with the flu, but I know Tim Smitheman is here. I am so grateful for how actively you have pursued these evening events. I want to thank the Committee very sincerely.

I also would like to take the occasion to introduce to you the incoming President of the Empire Club for the 2018/2019 season. He is with us somewhere in the back. I saw him: Kent Emerson. Welcome, Kent. I hope that you have the benefit of enjoying your year as much as I have enjoyed mine. It has been a wonderful, wonderful experience.

Before we get started, I would like to draw for our door prize, which is a bottle of Ripasso Bosan, sponsored by Cesari Fine Wines of Verona. It is Fardous Hosseiny. Have I got that right? Fardous Hosseiny.

Given voter volatility in elections and voting around the world in recent, yes, years, our guests tonight clearly have nerves of steel. How else to explain anyone putting their careers on the line for a campaign? The polls just do not seem to be giving campaigns the data they need to develop key strategies, but something obviously went right this time.

How is it that polls have become so volatile? Explanations from sampling error percentage, inadequacies of survey modes, timing, field procedures. Polls do not predict; they measure the moment, waiting and determining probable voters all playing into the kinds of disparity we see so often, today. Then, of course, we have also observed some very nefarious dealings in the use of big data. The rise of populism is an emotional response that has also stymied strategists as it emerges on both the left and the right, defying logic and, let us face it, quite often the facts.

Then there is the staggering mistrust of mainstream media in some sectors and the bewildering faith in citizen journalism wherever it appears on the Internet.

How do we understand the dynamics of the recent election here, in Ontario, and what can we look for in the months ahead? Here to help us sort through all of this is our panel of experts.

Omar Khan is Vice President, Public Affairs, Hill+Knowlton. He is VP of Engagement for the 2018 Ontario Liberal Party, and he served on the Central Campaign Steering Committee. Omar has spent over a decade working at the highest levels of the Ontario government as well as for federal and provincial election campaigns.

Michael Diamond is a campaign strategist and political commentator. He has worked on over 20 political campaigns in five provinces. A specialist in grassroots engagement, Michael has helped leverage the power of stakeholders for well-known clients in Canada, the United States and Australia.

Brian Topp is a partner at KTG Public Affairs. He recently completed a two-year stint as Chief of Staff to Alberta Premier, Rachel Notley, who has been a guest at our podium on two occasions. He previously served as Deputy Chief of

Staff to Saskatchewan Premier, Roy Romanow.

David Coletto is CEO and a founding partner of Abacus Data, a full-service market research firm based in Ottawa. With over 12 years of experience in the industry, David advises some of Canada's leading corporations and associations.

Our moderator, Tom Clark, is Chairman at Global Public Affairs. He has had more than 45 years of experience at the most senior levels of Canadian journalism. Tom left Global News in January of 2017, after serving as the network's Chief Political Correspondent and Host of The West Block. He has interviewed every Canadian Prime Minister since Lester B. Pearson and has covered every federal election campaign since 1974.

I would like to invite David Coletto to the podium to lead things off with a brief presentation, and then we will have our panel discussion.

Omar Khan, Michael Diamond, Brian Topp and David Coletto with Moderator Tom Clark

DC: Thank you, Barbara, and thank you everyone. Good evening. It is a real pleasure to be here. I will say, for those of you who do not know me or have not seen a picture of me before, I am old enough to vote in Ontario. I just credit my Italian heritage and all the olive oil for this youthful glow. Thank you.

This is the third Ontario election that I had the pleasure—I am not sure if it is always 'the pleasure'—of trying to understand and look at what Ontario voters are thinking, how they are thinking and why they are thinking. As Barbara mentioned, polling has come under the microscope far too often these days, but I can say, happily, this was a good election for my colleagues in the industry.

What I am going to do today is very briefly go over what I saw in this election from a public opinion perspective. Then, I will hand it off to the panel to dissect it and explain why I am completely wrong with everything I have said.

Let us start with five data points that I think nicely sums up the election that we saw. Let us start with the horserace. If we go to the end of April, we saw what many people really thought was going to be a pretty easy victory for the Progressive Conservatives and Doug Ford. He entered the election well ahead. The Liberals were in second. The New Democrats, not too far behind in third place. You can see, as we all know, by the end, it got a little bit dicey, a little bit competitive, but, in the end, the Tories slightly outperformed the polls, got just over 40% of the vote. The NDP ended at 34%, and the Liberals were in third with seven seats and lost their official party status. That is the story.

What was this election about? Obviously, it was about change. This is a trendline from the start of the election to the end, showing the percentage of Ontarians who wanted change when we asked them in our surveys; it goes from 80% at the beginning to 84% at the end. One of the marked areas of continuity over this campaign was the level of certainty or what we term determination of Ontarians to change their government. That did not change over the course of the campaign. The campaign did matter. Even though Mr. Ford ended off very similar to where he started the campaign in terms of popular vote, we did see some change, one of those being his own personal numbers. We saw a rise in Mr. Ford's negatives, going from 35% at the beginning to 48% at the end.

Ms. Horwath also had a good campaign. She did not win, but she started the campaign—despite this being her third campaign—with almost one out of five Ontarians saying "I do not know anything about her; I do not know who she is." At the end, with more than a 2:1 margin, people liked her than disliked her. Despite not winning this election, she ended off far more popular, personally, than Mr. Ford did overall.

This momentum that we saw for the New Democrats in mid-way point of the campaign was also reflected when you asked voters, "Who do you think is going to win?" At the beginning of the campaign, most people thought—or at least those who had a sense of what was going to happen—and felt confident that the Tories were going to win the election. And you can see by a week before the vote, it was pretty much a dead heat with equal numbers saying Conservative, NDP or, "I have no idea what is going to happen."

For us, one of the interesting measures we continued to track over the campaign was voters' answers to the question of how they would respond to different outcomes. We asked people, for example How would you feel if the Liberals and Kathleen Wynne won? You can see there, at the end of the campaign, 52% of Ontarians said they would be dismayed if she would win. There is a reflection of this desire for change.

On the flipside, despite the sort of rising discussion about whether we should be scared of an NDP government or not, you can see that only one out of three—31%—were actually dismayed with the idea of a New Democrat government. There was not a lot of fear about the New Democrats.

The other thing that is going to surprise many of you, depending on what your political persuasion is, is that I think the reason the Tories held off the sort of orange tide that was building was that, despite more people fearing a PC win than an NDP win, not enough people feared a Doug Ford victory. As a result, they were able to push back any final attempts at strategic voting and perhaps Kathleen Wynne's attempt at trying to get some local candidates elected may have helped. I will let the panelists talk about that in the moment.

This is a change election. PCs held and mobilized their support, clearly, throughout this campaign, and NDP momentum stalled, but I think they executed a good campaign.

Then, let us talk a little bit about what happened. What we did is, earlier last week, we went back into the field, and we asked people who voted why they voted, when they made up their minds, what the key issues were and, perhaps, more important to the future, what they want this new government to do. Let me share some of those results for you.

The first thing is when we asked people to give us a word to describe how you feel about the election, and there is a lot of words I had to remove, but, by and large, and again, this theme will come up, this word cloud is not as negative as you might expect it to be, given some of the media coverage of this election. There is a, yes a large disappointed group, but there is no great fear; there is no great angst about Doug Ford and the Progressive Conservatives. In fact, you see large words, and the larger the word, the more often—you see 'hope', 'happy', 'great', 'good'. When you ask people How do you respond to this election? you can see 56% are either happy or are accepting of this result. That, again, might surprise many people. Only 17% say they are angry or upset with the result.

When we look at the map—this is hard to see for all of you—what is clear is that this election win by the Tories was geographically broad from one end of the province to the other, a large blue belt across the more rural parts of the province, except up in the north. You can look here in the Greater Toronto Area, and see there is lots of blue. They won in cities; they won in suburban communities; and they won in rural parts of the province. They also did fairly well among every age group.

One of the things that we were talking a lot about at Abacus was the millennial vote. Would it show up? Would it have an impact on the result? At the end of the day, turn out went up, but, perhaps, not enough to give the New Democrats a boost. You can see that the Conservative win was pretty much lifted by the fact they did so well among older men, and the flip was true for the New Democrats, who won by over 11 points among women under the age of 45. These two demographic cohorts were critical to both of their parties' ultimate success. The fact that older people were more likely to vote helped, I think, to push the Conservative numbers forward.

Similarly, around homeownership, this was an election where on the periphery, people were talking about affordability. Housing affordability was the top issue for a lot of voters across the province. You can see, among owners, the Tories won by over double digits. Among renters, the same thing for the New Democrats, so the difference between those who own and those who rent is increasingly becoming—as we are seeing, for example, in British Columbia and other provinces—a key driver in voting behaviour.

Perhaps most fascinating, to me, was us pollsters and social scientists asking about party identification: Which party do you identify with? not Who you are going to vote for? You can see, among those who identify as Conservative, almost all of them voted PC. Almost all of those who identified as New Democrat, voted New Democrat. But look among those who identify as Liberal. Half of them did not vote for the Liberal Party. When I come back to the end—and I am going to give Omar a little bit of hope for the future—this is still more a Liberal province than it is a New Democrat province. There are shades of the federal election after 2015.

When did voters make up their minds? One of the key things that perhaps was under-reported throughout the campaign was that two-thirds of PC voters had made up their minds well before this election started and were not going to change their minds. They had almost 30% of this election baked in from day one. You can see how successful the New Democrats did among that group, those who made up their minds in the last few weeks of the campaign. In the last few days, the Liberals actually got a little boost. Was that the Hail Mary passed from the premier, at the time? We will see. You can see that the Tories did not have to do much, except hold their vote throughout this campaign. Get them out on election day, and they could probably have won this election.

Another thing I want to address, and I only have a few minutes, so I cannot go deep here—if I had hours, I would. Was this a populist uprising? Was this Trump 2.0? Has Ontario gone the way of the United States? I look at the data, and my answer is I do not think so. Here is why. If you look at one of the key drivers of understanding populist movements, education is increasingly becoming a key wedge in how people vote.

In the Ontario election, as many of those who had a university degree voted Conservative as those who had only a high school or college degree. This was not an election that was clearly divided on how much money you make or on what your level of education is. We can write that demographic trend off. When you look at feelings about anxiety around economics, PC voters were actually more likely to say they were financially secure than those who voted NDP. This was not, again, a lot of voters who somehow felt the system was letting them down or they were being left behind by a system moving forward.

One of the measures that those who try to measure populous movements look at is the question of Do you feel you have less power, that you are losing power in society? PC voters were just as likely to say no to that question as New Democrat voters.

There are some important differences. We asked people, for example, is political correctness out of control? That blue line representing Progressive Conservative voters shows that 72% of them say yes, but so did

54% of those who voted Liberal and NDP. Fifty-seven percent of Progressive Conservatives say Canada's diversity is making Canada something they no longer recognize, but so does almost a third of those who did not vote PC.

All of this tells me that we did not see this new coalition of populism rear its head in this election. What you had was those who had always voted Conservative coming out, and an additional five or six points coming who, at the end of the day, quite frankly, wanted a tax cut, and they wanted to kick the premier out. That, I think, is what was going on here. This, I do not believe—and the data still needs to be analyzed a little bit more—was, as some of my colleagues suggest, an uprising of populism in this province. It simply was the calculus of the PC-based voting with a suburban and urban older, wealthier population looking for change and, again, a little bit more affordability in their day-to-day lives.

Let me wrap up with then, how does the premier, then, and the new premier-designate, deliver for the people? When you ask people, again, open-ended, what they want, what the most important thing they would want coming from this government, you can see what they want. It is pretty clear. There are gas prices in there, housing, hydro rates, debt, deficit, jobs. Basically, you can see the Tory agenda in this word cloud. If you ask people what they are most worried about from this government, you see almost the same things. You see the framing that I think, effectively, the opposition party did, which was focused on that people are concerned about healthcare. If I go back here, healthcare does also show up—where is it? It is somewhere on here; I saw it—on something that people think the new government will be able to help with.

In terms of higher debt, there was a stream of consciousness in this data about people feeling that the PCs could not deliver on their platform, that it was not costed or it was too expensive. There is some concern about that. That did appear in our data. When we asked some of the things that the PCs promised over the election, and we asked people, Do you want them to follow through with this? look at what is at the top. Seventy-three percent of Ontarians said, "Yes, cut my gas tax by 10¢," including 86% of those who voted Progressive Conservative.

Auditing the finances is a pretty easy one to say yes to: 63% across the province; 80% of which was PC.

On whether to fire that CEO at Hydro One, which you would think was only red meat for the base, no, it is red meat for half of Ontarians, who said that, including 76% of the PC voters.

I will not go through the whole list. You can see the buck-a-beer was not as popular as maybe we had hoped. Look, eliminate cap and trade: 68%. That is something that over-indexed for PC supporters, but almost half of Ontarians said that. Remember, there are people who did not vote PC who also support or want the government to follow through with getting rid of cap and trade. This is the challenge we see in constant data we do.

On the one hand, people say climate change is an issue we need to deal with. On the other hand, they then also support this.

Let me wrap up, then, by saying what is happening with the other two parties. First of all, it is clear the NDP had a good election. They went from third to second. There were times when they were competitive, in at least the polling that we saw. Perhaps most important, to me—and I think in about the next four years—is the fact that 64% of Ontarians at the end of the campaign said they were open to voting New Democrat, 20 points higher than any other party. While the campaign maybe did not close the deal, it did have an effect of increasing, at least for a moment, the number of people who said "Maybe I would vote NDP." In this province, given the fact that when Bob Rae was elected, I was 11, it has been something that the parties had to come over. I think they can probably walk away now and say perhaps that that ghost has passed.

Lastly, what did the Liberals do? One of the fascinating things, as I already alluded to in the data, is 28% of Ontarians, when you ask them in our post-election survey, still identify as Liberal. As I said, half of those did not vote for the Liberal Party. They are basically, in terms of base voters, almost have the same numbers of the Progressive Conservatives.

When you think of Kathleen Wynne, only 17% of Ontarians had a positive impression of her. Twenty-eight percent identify as Liberal. Even at the very worst, the bottoming out of this party, 40% of Ontarians still said at some point they would be open to voting Liberal. I highlight Michael Ignatieff in the corner, there. If you cannot tell who that is, it is the ghost of Ignatieff, who will remind us all that in 2011, that fateful night when we were counting the votes, Mr. Topp's party came from third almost to first, but at least into the official opposition. People were writing of the Liberals, saying this was now a two-party system; forget them; they are gone. Guess what? We know the answer to that in four years. We now had a Liberal majority government.

In conclusion, the data suggests to me this was a broad-based PC majority. This was not a minority of voters. Well, it was a minority of voters, but it was not a special pocket of voters that came out and overwhelmed the others. This was broad-based. Yes, they did better among older voters than younger, but not by as large margins as we have seen in other elections.

Most of this PC agenda, at least the high-profile stuff, was quite popular. The premier, despite getting flack from his opponents in the opposition, will feel, I think, comfortable moving forward with much of the things that he promised to do—the new premier, by the way.

Concerns over the course of the campaign about Mr.

Ford increased. I think the end of the day was this campaign was not long enough and perhaps the opposition parties did not have enough money, resources or effectiveness to change enough minds and, as a result, we have a PC majority, an NDP opposition and Liberal party asking itself What next? Tom.

TC: Terrific. David said he is old enough to vote, but the organizers said he had to go first, because bedtime.

As you heard, I have seen one or two elections. My conclusion, after years of covering these things is that you are always best to have a debrief on a campaign and election more than two weeks after the event because, from after the event until two weeks, everybody is still very nice: "Oh, you ran a fine campaign," or, "Yes, you, good fellow public service..."—two weeks is the mark where everybody says, "Okay, I am going to tell you what I really think, now." We are at that stage. The lovely thing is—to this terrific panel who is here—that David, as much as you are truly an expert in this area, we are not restricted by facts. We argue in an entirely different universe than you do.

Election campaigns, in the end, are all about winning and losing. We like to pretend otherwise, but the simple reality is you win; you lose. That is how it is for the next four years.

I want to start with Brian Topp. Brian, we saw all those numbers and those trendlines that David showed us. It was up, up, up, and at one point you were not only up, but you were it. Did you win or did you lose?

T: I will begin answering that question by saying the first election I ever worked on was in a by-election in the riding of Saint-Jacques in eastern Montréal. In the mid-1980s I was two years old. I was 50% of the outreach team. When it was all over, we got together in our little campaign office on Ontario Street, and we had a fabulous party. We sang, and we danced, and we were there all night, very, very happy. We had increased the NDP vote by 100%. We had gone from 1% to 2%.

So I offer you that too as a reasonable baseline for every campaign. Compared to that, this was fabulous. My esteemed friend, here, is now going to live this. Third parties always begin elections by asking themselves, "Are we going to survive?" Ontario Liberals are never to be underestimated, I have learned over the years. The Ontario NDP went through some tough times after the last election. It was a tough internal debate about the campaign. People were unhappy with the campaign, with its tone, with its results. There was a debate in the tribe in which, basically, people said, "Win or lose, we are going to run as ourselves." The result was a much happier, more relaxed Andrea Horwath, who was campaigning on what she really believed on.

Then, we had the following piece of good fortune. The government was mindful—no doubt, we were as well—that the most accessible next tranche of voters for the New Democrats were Liberals, and we just saw in the numbers, and they had helpfully validated our platform with their throne speech and budget. Basically, the government, in effect, said, "Everything Andrea wants to run on, we agree with too, and it is good." I think what they were hoping to do was to hold off her growth and to appropriate her growth, but I think in this case, in this election, the result was the opposite. Since Liberals were having a hard time distinguishing between what the New Democrats were offering and what the Liberals were offering, and since this government had had that experience, so that, essentially, the Liberals convinced their own voters to give the New Democrats a look. To that point, yes, we were winning. Then, we were at the magic point in the campaign, two-thirds of the way into it where the party needed to persuade about five more points to do something they had never done before, which was to vote for the New Democrats and make Andrea Horwath the premier. There, we close did not close the sale, as was said earlier because what was working for us then started to tell against us. People were having a hard time telling the difference between these two parties. People had made a decision, 80% had made a decision: We want change.

The change thing that had been working for us in our world made it tougher to get that last five. The result was, compared to Saint-Jacques, 1985, fabulous. Other major opportunities that were handed the New Democrats they last saw with that federal result that you just teased me about in 2011, includes a chance to be taken seriously for government next time. And the story that that tells, which is three years about Senator Duffy does not make you prime minister, we are going to have to learn. The business of both being an effective official opposition and, as well, campaigning in the province, defeating the government and then replacing it is something we are going to have to do a better job of. If not a win, it was not bad.

C: It reminds me of what Stephen Lewis said when the NDP were first elected official opposition in this province. He said, "Thank God a political victory instead of another damn moral victory." I think that is probably where you are. We know between Omar and Michael, you won, you lost. There is no sort of nuance in there. Omar, I want to know, and you can be honest, just between you and me and a few of our friends, when did you absolutely know that this was going to be a monumental loss?

K: I, personally, thought, going into that campaign, that victory was unlikely. I thought there was a small glimmer of hope, but it was unlikely. We would have had to pull off a feat unheard of in modern political history, which was win an election when 80%–90% of the electorate, as David pointed out, have a strong desire for change. The strategy going in was to consolidate the Progressive vote around the Liberal choice. I will be honest with the room, here, the senior team knew that there was a risk in us going so hard after Mr. Ford pre-writ, that a lot of Progressive voters would be scared off and some soft PC voters would be scared off, jump over us and over to the NDP, but it was a calculated risk as the team felt it was something that, at that point, had to be taken. That is exactly what happened in the early stages. We saw, I think as a result of the aggressive Liberal pre-writ ad buy, combined with Andrea's fairly good performance in the first City TV debate, the beginnings of a momentum shift towards the NDP. When did we know that it was done, for sure? There was a lot of conversations preceding the premier's concession.

TC: I am going back like a year; you know what I mean? What year did you know you were done?

OK: Let me go back a little bit. Chris Morley is here, former Chief of Staff, Premier McGuinty. I just want to take a few minutes to talk about the legacy of both Premiers McGuinty and Wynne, if you will allow me that, and then I will answer your questions.

TC: The campaign is over.

OK: Fair enough.

TC: Fair enough you want to talk about the legacy.

MD: The legacy of seven seats.

OK: Touché.

TC: Omar, you will find another way into that. I'll admit it, I am sure.

OK: I will.

TC: I do not mean to deny any party—

OK: This is the third party. We get some speaking time.

TC: Honestly, Omar, if you were an official political party, I would let you do it.

OK: Let me say this, you touched upon this a little bit earlier, after 15 years in government, and governing is not easy; it is hard. There is an accumulated weight to some of the decisions you take. The reason I pointed out to Chris Morley earlier was, I will take the decisions of Dalton McGuinty, Premier McGuinty, to move towards a harmonized combined sales tax, the HST, which at the time, everyone thought it was political suicide. No government in Canadian history had been re-elected after moving to implement a harmonized sales tax. Premier McGuinty did that because it was the right thing to do, because the business community was asking for it at a time coming directly after the 2008 world-wide economic recession. By the way, it was a policy that the Progressive Conservatives had pushed until the Liberals decided to do it. Those decisions—not all of them are always popular. When you make a series of decisions like that and others, over the course of 15 years, that does accumulate a lot of baggage.

I am not one of the Liberals who is going to say that being in power for 15 years is the sole reason we are at seven seats. I think it is probably the reason we lost government. I do not actually think it is the sole reason why we did as badly as we did. I think—and I have said this before, publicly, and I will say it again here tonight—Ontario Liberals, over the next days, weeks and months, need to do a little bit of soul searching. I think we need to look ourselves in the mirror and realize where we actually lost the trust of Ontarians, because it is clear we did lose the trust of Ontarians at some point over the last four years. I think as we begin the process of rebuilding, that is going to be a critical internal discussion that we, in the party, are going to have.

TC: We are going to get into that. I just point out for those who say any government that has been in power for 10 years or 15 years, inevitably is going to fall off the stage, I do not know if you have ever met Bill Davis. Tories were around for 42 years.

OK: Or Peter Lougheed.

TC: Or Peter Lougheed, for that matter. Okay, now you can take your rightful position in all of this.

When you look back at this campaign, and I know this is a non-political crowd, but they may be interested in this. I was going to ask you What was the one unexpected thing that happened in the campaign? I think I know the answer to that, but in case I am wrong—like conceding the election ten days before the vote, which was kind of an unusual thing to do—I do want to talk about that in general terms for all parties because it was one of newest Hail Mary passes I have ever seen. In terms of the campaign itself, you knew you were going to win walking in. You knew, also, as David's numbers show, that you had a bit of a hot potato on your hands. The negatives for Doug Ford were fairly high and kept on growing during the campaign. Somebody did suggest that maybe what you should have done in the campaign is sent Doug on an all-inclusive trip down to Mexico for the campaign, and he would have won anyway. How did that work and what was the one unexpected moment that you had?

MD: The single most unexpected thing, for me, in this campaign was that Patrick Brown was not leader and Doug Ford was. It became the most wild, political campaign that I have been involved from that moment onward. Everything was unexpected, not any one single part of this. I think that was a place where, for Omar's party, especially, that was a big problem. A lot of your friends in third party movements spent a lot of time investing in how to destroy Patrick Brown, who all of a sudden was not someone worth destroying. He did a good job of that without the help of CTV all on his own. You wasted a lot of time and a lot of treasure on something that never mattered. That is one place we definitely had a head start compared to Tim Hudak. There were just not the months of destruction thrown at us. That was the surprise that I think really shaped the election.

C: When the history of this election is finally written, it starts with that night when Patrick Brown ran down the hallway.

MD: It was a staircase.

C: It was a staircase, whatever, which is a great way to start a campaign, but in the confines of the campaign itself—and Brian or Omar, jump in on this—let us just kick it around a little bit, this idea that when you know that you are going down to defeat, when basically you are trying to save the furniture, and you have been government for 15 years, and you say, "I have a great idea. Let us say we have lost," even before the campaign was over. There were some people who were suggesting that maybe she should have said, "Elect me and I will quit," which would have been an equally interesting Hail Mary pass. Did it work?

OK: I would have liked one more seat. This is a question that political scientists are going to debate for years and decades to come. I will quote Michael's colleague, Kory Teneycke, who was on the panel with me at our firm a few days ago. Kory said that they had us tracking to one before that announcement and probably saved us about six seats. I can tell you, here, by that point, we had actually stopped most of our polling with the Liberal party, but we were very worried we were tracking to zero.

MD: If you look at the Liberals who won, I think it absolutely paid dividends. They are the folks like Michael Coteau, Mitzie Hunter, Michael Gravelle, who are definitely stronger local MPPs than a lot of the folks in some of the safer ridings that lost. I think, without a doubt, that proves to me that it worked, and it was still an awful situation that was unprecedented, and I do not think we will see again.

OK: I will also say I think it was a bit of a selfish act on behalf of the premier.

TC: See, I told you about that two-week rule.

OK: Whatever you think of the policies of Premier Wynne, no one can argue that that was an easy thing to do.

MD: It was selfish to seek re-election, frankly.

OK: It is time to be nonpartisan.

TC: I want to get right in on this. Would you have advised that, Brian?

BT: We are past the two weeks.

TC: Yes, we are. The voters, in fact, were wrong, and yes.

BT: I will say the McGuinty government, Premier Wynne, had their moments. I do want to say that up front. History will be kinder to them than this election was. That said, I think Premier Wynne, I think, made two big mistakes in her premiership. The first was the privatization of Hydro One, which blew their brains out, and I reckon that was where the election was lost by the Liberals. I strongly believe that these moves of overthinking elections and of conceding them always have the result that this one had.

Let me refer to the New Democrats. When you have decided in much of this country that you are going to vote for the NDP, you have made a decision, contrary to most of the observable evidence around you. You have decided to ignore political polling; you have decided to ignore what your mom thinks; you have decided, “I do not care what all the signs are in my neighbourhood;

I have decided I want this party to run." I spent a fair bit of money once trying to prove this to my colleagues in the tribe that when people make that decision, they actually want us to be the government. If that is true, they do not care about the polls; they do not care about the other parties; they do not care about the media; they do not care about their neighbours; they do not care about mom; they have decided to vote NDP. There is only one group that can persuade you not to vote for the NDP, and that is the NDP. If the party says we cannot win, then you are telling your voters you might as well look somewhere else for where the government is. Most people are looking for the government. These polling numbers, which show that half the Liberal vote voted elsewhere, would suggest this was a disastrous technique. If I can be blunt about it, and here I will just talk about the principle of it, I think it is disrespectful of the voters to play games like that with the elections. What you owe them—and I offer this to you as a bit of counsel in this fun spot of being the third party—is your best shot; give it your best shot.

OK: Not a party, yet.

BT: Try. Give it everything you can. Talk passionately just to the last minute. God bless us all, Bob Rae, who was one of yours, at the end of his term, never gave up. He just argued and argued and argued and argued to the last minute that Premier Harris would be wrong for the province, which in my view, was right, and he saved 18 seats and got the best electoral result that a Democrat was to have, until this election. Do not give up.

K: Like I said, either this is going to be debated by political scientists and pundits for years to come—

T: Let us debate it now.

K: We are where we are. It was a decision that was made. Some folks were in favour of it; some folks were against it. At the end of the day, it was the premier's decision. That was the decision. This is where we are. As Liberals, now, we have to think, "Where do we go from here?" I think, obviously, we have to look at decisions of the past and there needs to be accountability for decisions that were wrong, and there needs to be congratulations for decisions that were right. I really think the focus of our party needs to be on the future moving to a new generation of leaders, both within the party, within the caucus, attracting new people into the party. This notion that the Liberal party is dead is ludicrous. We have tens of thousands of members across this province. We had over 1 million votes in this election. Quite frankly, with all due respect to Brian and his party, if the NDP cannot win this election where the Ontario Liberals were at a historic low, below 1923, in terms of the popular vote, if they could not win this election with Doug Ford as leader with such high negatives, what election are they going to win?

T: The next one.

K: We will see. We will see. If you could not win this one, I am not holding my breath.

TC: While Brian and Omar have been debating the merits of third-party politics, Michael is sitting there going, "Whatever!"

MD: We are government. If I could just touch on some of the mistakes Kathleen Wynne made. In the movie Traffic—

OK: You spent too much on pizza?

MD: I am going to talk about that. You have to ask Brian and I before you ask questions. In the movie Traffic, there is a scene where Michael Douglas is becoming the drug czar. His predecessor gives him two envelopes. He says, "You open this one when you hit your first scandal, and you open this one when you hit your second scandal." You hit the first scandal, and you open up the envelope, and it says, "Blame me for everything." Kathleen Wynne did a great job of blaming Dalton McGuinty before the 2014 for absolutely everything. Then she won. The problem is she did not open up that second envelope, which said, "Resign."

TC: It is a good question. Politicians, traditionally, no matter what party they are in, tend to overstay their welcome. That, more often than not, writes the script for various elections.

OK: The results would indicate that perhaps a different decision run up to the election would have been better, but hindsight is always 20/20. Of course, we are at seven seats. Could somebody have done better? Probably. You never know until you go through the process. This is why I think, for all the Liberals in the room, I would say this is not a very productive conversation at this point.

TC: You do know this is the Albany Club. I just want to point that out.

OK: There are a few. I see a few hiding in the back, there.

MD: Membership forms are on the front desk.

OK: Rehashing whether she should have left, and considering whether we could have won with somebody else is not a very productive conversation right now because we are at seven seats. We are going to need every one, every volunteer, the tens of thousands of our grassroots to be engaged, but looking forward. That is what I would say to my fellow Liberals: We can argue about the past over drinks at the pool—Michael Diamond and I do that sometimes—but the productive conversation now is what do we do moving forward. We need to redefine liberalism in a way that is relevant for Ontarians in the modern world.

That is something that Mr. Ford was actually very good at. I do not agree with the vast majority of his policies, but he explained them in ways that made it seem relevant to everyday people. We, as Ontario Liberals, lost the middle class in this election. Absolutely, across the board in every region, we lost the middle class.

MD: Fifteen of years of a war on them, it seems to make sense.

OK: Come on, you have four years to talk. We used to be the party for the little guy. Jean Chrétien was the little guy from Shawinigan. We lost the little guy. We have to win the little guy back moving forward.

TC: Michael, let me throw it to you for a while. I do not want to get into policy so much as I want to keep on the political track on this. You walked into this campaign with a leader that had very few connections in the party with a policy that sort of reflected what Patrick Brown had, but at the same time, did not.

MD: There were some distinct, huge differences.

TC: Yes, and by some measures, he promised as much as $40 billion and cutting revenues, which would be a really interesting trick. How do you manage, politically? It is like the old story about the dog finally catches the car and says, "Now, what do I do?" You have got to manage disappointment, now, for a while in terms of you go back to David's numbers. What promises do even Conservatives want Doug Ford to keep? It is not 100%.

MD: A buck-a-beer is free, but apparently it is not all that popular. I am a little disappointed to see that. Have you tried buck-a-beer?

TC: Yes.

MD: I do not drink canned beer, but the platform obviously came together in an unusual way. We did not have the year plus that the typical leader would have to put together the platform they want. What was very important for us during the leadership and during the provincial election, and since we were not attacked on it, and what the other parties thought would be foolish was getting out of cap and trade and fighting a carbon tax. That was, obviously, key to us. We also know that the province is in more of a mess than we can even anticipate, so one of the key promises was the Committee of Inquiry to get to the bottom of just how much waste and mismanagement was going on for the last 15 years. I think it is going to take time. Our platform was fairly—a lot of our promises are very achievable quickly. Some are longer term goals, not stretched goals like Kathleen Wynne ran on in 2014, but they are things that I think will be accomplished. We just need to get the province in order first.

TC: I do not want to lean on experience here, but I think on John. A. Macdonald's second go round as prime minister, the first thing was he said, "I had no idea what a mess the finances were in." This is something that every government has said since time immemorial.

MD: Justin Trudeau did not have to say that.

TC: No.

MD: He took over with pretty good…

OK: The deficit was—

TC: Let me ask you this because it was a debate in Conservative circles, certainly around the leadership convention with Doug Ford being the ultimate outsider in all of this. David says, and you may be right, that he is not a populist. That would be an interesting discussion to have. Is he a Conservative?

MD: Absolutely. He is a Conservative who resonates on a commonsense level with folks across the political spectrum.

TC: A classic Conservative does not necessarily go and promise passenger service up in Northern Ontario, again. That is a Liberal thing to do or an NDP thing to do.

MD: He is a pragmatist, and he is an Ontarian. He knows that services are important to folks across the province. He is not going to slash and burn things that folks depend on.

BT: It is a populist platform. It is more than a populist platform. It is magical thinking. It was the magic sauce that I think booted it home for the Tories, but now they have a very serious problem because, exactly as we saw, the public expects this to happen. Much of what has been committed by this government—sorry, we are past the two weeks—is ridiculous. It is similar to how Christy Clark went around in British Columbia in 2013. Her hands would go like this, and she would go, "LNG is going to give us $100 billion. Look at the stars between my hands. Vring: $100 billion is going to come magically to British Columbia. We are going to cut your taxes, build your hospitals, build your schools. It is all going to be beautiful." None of it, of course, happened.

MD: Then, she was re-elected until the Greens and the Democrats made a deal.

BT: Here we have Doug Ford, god bless his soul. He is not

Donald Trump. He is not a vicious bigot, to his credit. He is running on a different playbook.

OK: I do not think he is a bigot at all.

BT: No, I do not think so. I think, actually, a beautiful breakthrough among new Canadians. Just look at what he committed to. Ten cents off the price of gas. The Government of Ontario cannot deliver that. It can cut its taxes by 10% if it wants and add it to the deficit, but, unless you are imposing price controls, I think there is a 50% chance that gas prices will be higher. Cut electricity by an additional 12%? The Liberals, recklessly, are spending net $2 billion a year into the provincial deficit, hidden through a debt trick to temporarily subsidize electricity rates, and the Conservatives have proposed to add $1 billion to that with all of this to blow up three years from now in what will be a 25%–30% rate increase. That does not add up.

MD: Like the NDP platform where they needed glue sticks to put up the right numbers.

BT: You cannot cut revenue, increase spending and balance the budget. That is why they did not do a platform.

OK: I am going to say something nice about the Conservative team right now—the Progressive Conservatives team. I think one of the very smart moves that Mr. Ford has done is bring in people like Michael onto his team, but people like Jenni Byrne, Kory Teneycke, Chris Froggatt, have deep experience in actually governing. Again, I do not agree with a lot of their policies, but no one can argue that they do not know how to govern. I hope, and if I speak to them—I am speaking to you now—I would say the promise to cut 4% across the board is something that the public will forgive you for not fulfilling because 4% across the board, if you just take it out of the Health Department's budget, is $2.5 billion. I was Chief of Staff to the Minister of Health for two and a half years; I know you cannot do that without ravaging healthcare services on the frontline. I am telling you here, today, if Mr. Ford comes out and says whatever excuse he uses—the deficit is too high—whatever.

MD: There will not be an excuse. It is not going to be about frontline cuts; you all wasted enough of our money over the last 15 years.

OK: Let me finish. This promise was reckless. He does not have to say that. This promise is not something we can fulfil at this time. I will come out, and I will say that is the right thing to do.

MD: I am sure when that magical moment when Doug Ford adopts Kathleen Wynne's policy and then you come out and praise it, I look forward to listening to that on AM640, but…

OK: Next Thursday?

TC: You see what I mean about the two-week rule, right?

MD: I think that Doug has actually done this, and he will do it again.

TC: Let us just take a break here for a second. I am painfully aware because, as somebody said, it is 2018 that we tend to be a certain type of person sitting here on the panel, all male, so we have a few minutes left, I think, Taylor, and we are going to open it up for questions or comments. The only thing is I know this is a really shy room, so we need somebody to get it going, but if you could keep your comment or question fairly brief, so we could get a few in, that would be really great.

)K: I would just say, this is an all-male panel, but one of the positives coming out of this election is we have seen a big boost in the percentage of female members in all of the parties. I think that is something we should all applaud.

Questions & Answers

): As a senior with children and grandchildren and so on, I have always been kind of proud of our Canadian system and the politicians. I know we can all throw stones and criticize, but somehow it has always worked. Do you believe that—as Canada, or in Ontario now—it is still working and will work? Tom, that is actually for you.

C: I think that is a very relevant question and is one that has been brought into sharp focus, I think, by particularly what is happening south of the border and what is increasingly happening elsewhere in Europe. I think that, while we are debating left and right—and we did not even get into the question of what has happened to the centre of politics in this province—we are entering an age where we are fighting a very different type of political battle. I think the question is relevant. Are we going to get through it? We are going to get through it better than anybody else. Are we going to get through this?

This is just my opinion. Are going to get through this in a way that resembles the civility that we have had in the past? I do not think so. I think that what I love about politics in this province—and these three guys are terrific examples of it—is that you can fight hard; you can argue hard, but then everybody goes for a drink afterwards.

If I can have just 20 seconds for a story: Back in the days when I was a young reporter at Queen's Park, I was watching a late-night debate. Bill Davis was the premier and Stephen Lewis was the leader of the opposition. Lewis was in full flight. In those days, when Stephen Lewis came into the House to speak, the galleries filled up because he was such a great orator. All the benches were filled; the galleries were filled. Lewis had been speaking for about 20 minutes. Then, none other than the premier, himself, stood up on a point of order. It was sort of a weird point of order. It did not make any sense. The speaker could not make any hide nor hair of it, and ruled the point of order out. And the premier sat down with a smile on his face. Three minutes later, Stephen Lewis wrapped up his speech and everybody went home. Two days later, I bumped into Davis, and I said, "Sir, you have got to explain something to me. I do not know why—

what was that point of order thing in Lewis' speech?" He said, "Oh, that. Well, Stephen and I had a dinner reservation for 8:00, and I was just letting him know." That is what we used to have. I do not think we are there. Anyway, anybody else?

Q: This question is for Michael. Michael, we heard what David said about the mandate that the Ontarians gave your party, but I would like to hear from you and maybe the team, the Conservative team. What mandate do you believe you have received from the Ontario people in terms of what issues that you think you need to move on?

MD: I think number one, and one of the first orders of business, is getting out of cap and trade and fighting the federal government on carbon tax.

Wow, we do not get that much. That is good. I would say, number one, would be that, and restoring fiscal sanity to this province would be the other. I think you are going to see those are going to be the two places where it is very near to the premier-designate's heart. It is something that he focused on with his brother at Toronto City Hall. I think that is what we are going to see being the most important thing at Queen's Park.

Q: Thanks very much. I guess this is for all three, but mostly for our Progressive Conservative colleague. I am interested to know how you are going to engage citizens and, in the healthcare area, patient representatives and patients, moving forward in making

your decisions in areas that are relevant to particular groups? I think this has been something that we have felt fell by the wayside over time in this province, and I think we feel that we have not been listened to often, and we have been just told what is good for us. How are you going to make sure that we are working with you to let you know what is good for us?

MD: Throughout the election and the leadership, Doug continuously—sorry the premier-designate—talked about the need to consult the most impacted stakeholders. In healthcare, that is, obviously, patients, families and front-line workers. I think you will see a high reliance on the expertise from those who live within the system, work within the system and are the face—not the paper pushers.

BT: From the perspective of the New Democrats, there is a lesson to learn from the experience of the last five years in Ottawa. That is that the challenge function that you acquire in parliament when you are official opposition cannot be all you do. Actually, in your question is the other half of the job, which is official opposition, whose job is to provide an alternative to the government. It is going to have to work really, really hard all across the province to be like that where the public is coming from within the government.

I joked in a previous panel that I did: I think this government is going to be a target-rich environment, and the trick is going to be to not miss that opportunity and that is not just about asking questions that the media like in question period. The public does not care about that. It is to stay close to the public and be speaking about what they care about as they understand where this government is going. Cut taxes, increase spending, balance the budget does not add up. That is going to play itself out in the next two to three years, and then they are going to be looking for something better.

OK: Just to the question on working with patients and patient groups, I take solace in the fact that Christine Elliott has been elected as a Member of Provincial Parliament. I had the pleasure of working with her when she was the Patient Ombudsperson for the Province of Ontario. I think whatever portfolio she has, I assume she is going to have a cabinet portfolio. I am not going to presume what that will be, but I hope, and I believe, that around that cabinet table, somebody like Christine will be a real advocate for really continuing a patient-centred approach to healthcare in this province. See, I can say nice things if I have to.

TC: I was worried there for a minute.

Q: A lot of the discussion tonight has been about tactics. I want to ask a question about substance, because there was hardly any of it in the election campaign. I have looked at three economic forecasts recently for Canada. For the next three years, we never get above 2%. That is a huge constraint on what governments can do. Secondly, we have a big deficit. We have prom-

ised to deal with that. Thirdly, we have an aging society, which leads to rising healthcare costs. Fourthly, we have massive population growth occurring over the next 20 years in Southwestern Ontario, including the GTA, which will require massive investments.

The government has promised to cut taxes in spite of all of this and to deliver on this. I do not see how this computes. How can you meet public services and continue to have tax cuts? Every political party seems to feel that it has to have tax cuts in its program. The costs are going to go up. Building a better society in Southern Ontario, healthcare, dealing with the deficit. I have not even mentioned climate change. One little sign of that is what is happening with Lyme Disease across this province. I know of two cases now where people have suffered permanent neurological damage, which constrains the rest of their life because ticks are coming in here due to the change in climate. To laugh at climate change and say we do nothing is irresponsible. We need governments that govern for the future, not in political parties that are just playing short-term tactics.

TC: Thanks very much.

MD: I am not sure if there is a question in there. One, I do not think you can change the temperature-controlled ticks by bringing in the tax. Number two, the voters wanted the tax cuts, that is why they voted for us. That is what David's number said. It is their money, and the government should work for them, not for other interests. The leadership is absolutely doing what the will of the electorate is.

TC: You have promised fiscal sanity.

MD: Absolutely, up 4%.

TC: In four years?

MD: It will depend how bad things are. We are not going to harm people. We will not harm people, but we have to get a handle on that first.

BT: Let us just talk about this one a bit more. This is a very interesting question. It is actually, I think at the heart of the challenge facing the Province of Ontario in the next four years—that question that you just asked. Let us begin by saying there is no question this jurisdiction is heavily indebted. There was a time when the Conservatives cared about that. There is a serious fiscal challenge. It is manageable, but it is a serious debt pile that needs to be managed. There is no question about it. I am speaking strictly for myself, here. We are all just hearing from us, here. I think it can be argued fiscally and economically for the reasons you just said that a tax cut for the people who need help the least is the last thing the province needs.

By the way, a majority of the people of Ontario did not vote for it, bearing in mind we are in the system that we are in. The root of it is quite right. I think the nostrums that the government are offering, which do not add up, are not going to make anything better. In fact, in many ways, I think what we will end up with is an Ontario that looks the way Toronto did after Ford Nation was running Toronto, which is going to be a whole bunch of wasted time where nothing much happens, and a bunch of money gets spent to no good effect. And then we are going to have to start again from scratch. The issues that you have talked about are the heart of the matter. This government has no answer to it. It is essentially just playing with magical thinking. It worked beautifully, but it solves no problems.

MD: This government has been sworn in.

OK: That is a good point. This government has been sworn in. I am willing to give, as I said before, to give them the benefit of the doubt, because I do think there are a lot of smart people there. A couple of things I will say just on the global economic trends. We are seeing tightening, for sure; we are going to see more, likely, especially, if the Americans come in with 25%-across-the-board-tariff on auto imports.

To the Kathleen Wynne economic record, I know the campaign is over, but these are facts. Under Kathleen Wynne, we just get the last 5% that brings you over the top. That is going to be a combination of what people make of the record of the government and what they think of the forward offer that the Democrats will make.

OK: I talked earlier about how we lost the middle class across the board. I wish we could have talked about some of our policies that would have directly benefited people in the middle class, like free preschool, like free tuition, less in a Deputy-Minister-policy-wonk type of way that everyone in this room appreciates, I know, but more in a way that my father-in-law, who is a small business owner, new Canadian from Turkey would be able to understand and appreciate. I will leave that for the communications experts to give me advice on later.

TC: We have set some sort of record here tonight in that we have had a terrific political discussion, and I believe not once did anybody bring up Donald Trump, which is incredible, especially as we go forward. Every politician I have met, who has been elected, starts off as a regionalist and a nationalist, and ends up being an internationalist by the end because of the nature of the job. Doug Ford is going to have to learn how to deal with Donald Trump and everything that happens south of the U.S.

MD: Donald Trump will have to learn to deal with Doug Ford.

TC: I do not think he really—I am not sure he cares.

MD: Welcome to Ford Nation. Welcome, welcome.

The passports are in the mail. It is going to be a great four years.

TC: On that note, I am going to thank Michael, Omar and Brian. Great discussion. Thank you all very much. It was great.

BJ: Thank you, Tom. As I alluded to earlier, if I can just keep your attention for a few more minutes, I am in the waning hours of my presidency, and it seems to me there is little point in holding this podium if one does not put it to effect on occasion. I would just ask all of our panelists to remember the environment in the months ahead. That would be my request. I would like now to call upon Chris Loreto, Principal at StrategyCorp, to thank our panelists.

Note of Appreciation, by Chris Loreto, Principal, StrategyCorp

I am so glad we picked the hottest day of the year to do tonight's presentation. I literally just finished drying off, and now I am all wet again. Sincerely, thank you to everybody who came out tonight. I hope you enjoyed it. I want to thank our panelists for relitigating the election, but actually providing the insights. I do want to say to all three of you, good on you for being involved in the central campaigns. Everybody in this room who was involved in the democratic process some less than two weeks ago, you should be commended, and we should be encouraging more people in our neighbourhoods to get involved in the process, regardless of what party that they support.

Congratulations, to the Tories. Congratulations, to the New Democrats on forming official opposition. The Liberals are never down and out. Good luck with the rebuilding of the party. As a Conservative who was there in 1993, that was my first membership. It is a long road, but it should be a rewarding one to get you back to being a strong party in our system.

Tom, thank you, as always, for great moderation and on behalf of StrategyCorp, again, thank you everybody. Drive safely. Thank you.

Concluding Remarks, by Barbara Jesson

At the Empire Club, we pride ourselves on bringing rich discussion like this to our podium. Hello. A little commercial for the sponsors because, without them, we would not have had tonight. Thank you to the Toronto Real Estate Board, OMERS and StrategyCorp for making the event possible.

I also want to thank mediaevents.ca, for once again taking our discussion to a wider audience through their podcasts. Follow us on social media.

Finally, I am hoping to see you all tomorrow at our final event of the season, "Blockchain Revolution," featuring Don Tapscott.

Thank you so much for coming out
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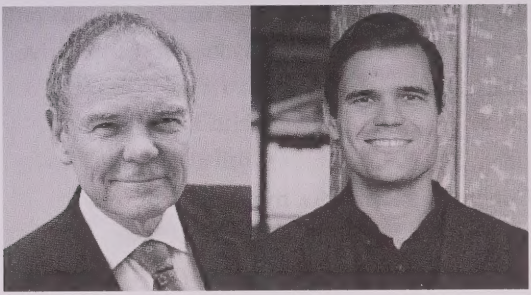

DON TAPSCOTT AND ALEX TAPSCOTT

WITH: BLOCKCHAIN REVOLUTION: THE NEXT STAGES

Welcome Address, by Barbara Jesson, President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

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June 19, 2018

From the Westin Harbour Castle Hotel in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting. Before our distinguished speakers are introduced as part of the formal program, it gives me great pleasure to introduce our Head Table Guests. I would ask each guest to rise for a brief moment and be seated as your name is called. I would ask the audience to refrain from applauding until all of the Head Table Guests have been introduced.

HEAD TABLE

Distinguished Guest Speakers:

Mr. Alex Tapscott, Co-Founder, Blockchain Research Institute, Co-Author, Blockchain Revolution

Mr. Don Tapscott, Co-Founder and Executive Chairman, Blockchain Research Institute; Co-Author, Blockchain Revolution

Guests

Ms. Georgina Blanas, Executive Director, Private Capital Markets Association of Canada; Director, Empire Club of Canada

Mr. Richard Carleton, Chief Executive Officer, Canadian Securities Exchange; Director, Empire Club of Canada

Mr. Kent Emerson, Associate Vice President, Municipal and Stakeholder Relations, Municipal Property Assessment Corporation (MPAC); Incoming President 2018–2019, the Empire Club of Canada

Mr. Paritosh Gambhir, Partner of Financial Services and Head of Blockchain, KPMG

Dr. Gordon McIvor, Past President, Empire Club of Canada

Mr. Tim Patriquin, Board Member, Treble Victor Group; Investment Advisor, RBC Dominion Securities

Dr. Samuel Peralta, Co-Founder and Director, Cobalt Blockchain Inc.

Mr. Matthew Spoke, Chief Executive Officer and Founder, Aion Foundation

Mr. Sanjay Tugnait, Chief Executive Officer, Capgemini Canada; Chairman, Blockchain Research Institute Advisory Board

Mr. Mike White, President and Chief Executive Officer, IBK Capital Corp.

Mr. William White, Chairman, IBK Capital Corp.; Director, Empire Club of Canada

My name is Barbara Jesson. I am the President of Jesson + Company Communications and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table.

It is hard to believe that almost five years ago, my agency signed a new client, Canada's first and largest full-scale bitcoin exchange. It seems very difficult for me to believe now, but, at the time, the whole concept of a digital currency was quite new. I remember trying to wrap my head around it to assess if there was any there there.

I do not make a habit of walking away from new business opportunities, but I do at least try to ensure the agency's integrity in helping to build awareness for any client. I thought I got it. As a student of medieval history, I understood the widespread emergence of bank notes in 14th century Italy, but bank notes were backed by precious metals. I confess, I really struggled to grasp this idea of mining for bitcoins.

I do not think I really got it until last year when I had an-aha moment. I was reading Yuval Noah Harari's Sapiens. For the first time, I understood that implicitly that anything—even shiny metals—only hold value because, as a society, we have agreed that they do. Sometimes it takes me a little while to get things.

Just when I thought I was coming to grips with it all, blockchain took over the headlines. I guess it was there running in the background as the whole cryptocurrency phenomena emerged, but, for me, at least, it had fallen below the radar until suddenly every news outlet was writing about it as the ultimate security answer.

Digital innovations increasingly leave physical metaphors behind. There is no useful or no accurage analogue or simile for blockchain like there is for electronic mail. When people cannot really understand, they often dismiss a phenomenon. You can try it for yourself if you share today's discussion with our friends over dinner tonight.

Despite the great democratization of knowledge brought about by the Internet, we are once again at risk of further segregating those who understand and those who merely use. It seems to me that this trend will only further exacerbate the polarization and declining social mobility plaguing our society today. That is why I think our next guests today are so important in this dialogue.

Don Tapscott has demonstrated the rare ability to take complex ideas and make them accessible to the rest of us. He seems to grasp their significance long before the rest of us do, and he puts them into a context that makes them comprehensible.

Don Tapscott, the Executive Chairman of the Blockchain Research Institute, is one of the world's leading authorities on the impact of technology on business and society. He has authored 16 books, including Wikinomics: How Mass Collaboration Changes Everything, which has been translated into over 25 languages.

In 2017, Don and his son, Alex, co-founded the Blockchain Research Institute, to provide a definitive investigation into blockchain strategy.

Don is a member of the Order of Canada and is ranked the 2nd most influential Management Thinker and the top Digital Thinker in the world by Thinkers50. It is hard to imagine anyone who is more prolific and profound and influential in explaining today's technological revolutions and their impact on the world. Alex Tapscott is a startup CEO and bitcoin governance expert. He is a globally recognized writer, speaker, investor and advisor focused on the impact of emerging technologies, such as blockchain and cryptocurrencies in business, society and government. Alex currently sits on the Advisory Board to Elections Canada, the independent, non-partisan agency responsible for conducting federal elections and referendums. In November of 2017, Alex and Don Tapscott were recognized with the Digital Thinking Award from Thinkers50, as part of the latter's Distinguished Achievement Awards.

Together, Don and Alex have co-authored their very ambitious Blockchain Revolution: How the Technology Behind Bitcoin Is Changing Money Business and the World, published in May 2016.

According to Harvard Business School's Clayton Christensen, it is the book, literally, on how to survive and thrive in this next wave of technology-driven disruption. It is a clarion call to all of us.

Ladies and gentlemen, please, join me in welcoming Alex Tapscott to our podium, who will be followed by Don Tapscott.

Alex Tapscott

Thank you, Barbara, for that rousing introduction. Thank you to the Empire Club of Canada for hosting this event. This is not an official book launch, though I am very pleased to say that the book did ship last week, so this is our big event for Canada. The Empire Club is so kind as to get every single one of you a copy of the book, which you should have received by now. They have the right idea, which is that the best way to buy this book is, of course, in massive volume. When you leave here, today, think about your employees, your friends. Beach reading is right around the corner.

In the book, we said that blockchain represented the second era of the Internet. Over the past two years, with the development of this industry, I think that prognostication has been proven largely correct. What we said in the book, basically, is that if you look at the Internet today—the Internet that we have known for the past 25 years—when you send and move and share information on this Internet, you are not actually sending an original, unique thing; you are sending a copy, and you are retaining an original. For most kinds of information, that is okay. If I send an email to one person, I can send it to someone else, or I can send it to many people. If I host a website, it is available for all to see. If I put in an entry into Wikipedia, the whole world can access it. It is actually a very powerful tool. It is like we all have our own printing press for information. Except, when it comes to things that have value: Assets, like, say, money. Being able to send a copy is actually a terrible idea. If I owe you $20 for something, it is important that when I send it, that you are the only person who can receive that money, that I cannot send a copy to someone else in the same way that I can send the same email. If I can copy money the way I can copy information, then that money becomes worthless. That also happens to be illegal, so that is a secondary problem.

It is great to have a printing press for information. It is not so good to have a printing press for money. This is a specific problem that computer scientists have been trying to figure out, basically, for 20 years. As a result of this problem, even though the Internet has created a lot of value and transformed many industries, we still rely largely on intermediaries, middlemen, who sit in the centre and perform a bunch of important roles. They validate the identity of parties; they establish trust; and they perform business logic—clearing, settling, record-keeping, contracting that basically makes the economy work.

Overall, these intermediaries, banks, brokers, governments, but, increasingly, big technology companies—social media firms like Facebook—do a pretty good job, but they have some specific limitations. The first is that they are all centralized. Anything that is centralized is vulnerable to hacking or to attack or to failure. We see this in every single industry, and we also see it in government.

The second issue is that they add costs, and they slow things down. In the case of sending money overseas, it can take days to move value between two parties on opposite sides of the border, and it can cost upwards of 10%, which is an odd thing when you really think about it. We talk about the market for cross-border payments. When was the last time anybody here sent a cross-border email? It does not really exist. One form of information flows instantly, whereas the other, when it comes to value, takes time and adds cost.

The third big issue is that they exclude large parts of the population. There are billions that do not have access to financial services, and about the same number cannot prove who they are through identity systems.

The final issue is that they capture data. This is the one that I think is most relevant, today, which is that every time you interact on the Internet, you are leaving behind a part of yourself. That is problematic because it means you cannot use that information to organize your life. It means you cannot monetize it, yet it is worth something: Look at the market cap of Facebook. And it can potentially be used to undermine your privacy.

What if the Internet were entering a second era, from an Internet of information to an Internet of value based on this new technology platform called a blockchain? We are not going to get too technical, but, for those who do not know, a blockchain is basically a vast, global distributed ledger database, except instead of existing inside of one computer system, inside of a third party, like a bank or a government or large corporation, it is replicated across every single entity that is connected to that network. No single entity can alter the truth without everybody reaching consensus. It gives everyone basically a perfect record of the truth, upon which they can do trusted transactions. On this platform, you do not need a bank or a broker to transact and move value and create businesses; you can do it all peer to peer, which is why we call blockchain the 'trust protocol'.

Not everyone is as bullish as we are. I did not take math in university, but I really like to know how you square a rat poison. I do not know. We have seen this before where leaders of old paradigms react to the new with hostility and derision, anger. This has been true throughout history of every single major transformation. This is certainly nothing new here. This is not to say anything about Mr. Buffett—Warren Buffett is a legendary investor, and his track record speaks for itself, but he is also the first person to tell you that he missed the Internet wave and that, at least with this technology, he may come at it with a bit more hostility, but he also admits that he is lacking in some knowledge. That is okay, because this revolution is not going to be driven by the Warren Buffets of the world; it is going to be driven by the Warren Buffets of the future.

Blockchain is a funny thing in that it is not hard to define, but everybody sees it slightly differently. Some people look at the cryptocurrencies, and they say this is a new asset class. Others look at the underlying ledger, and they say it is a system for record keeping. Others, still, look at it, and say we can use this technology for contracts and other business processes. It is a little bit like this old parable, the parable of the elephant, where we have five blind men who are standing around this elephant. Everybody is touching a different part. One person is touching the body of the elephant and says it feels like the trunk of a tree. The other one is touching the ear and says it is a palm frond. The other one touches the trunk and says it is a snake. That is kind of the way it is with blockchain. What we tried to do in the book, and what we have done with the updated version is try and basically remove the blindfold to try and demystify what this is and to explain in a very simple-to-understand fashion.

The one area that I am going to speak to you about, today, is around this new emerging asset class called ‘crypto assets’. Blockchain, to me, represents a new technology infrastructure for the Internet of value. With it, we are seeing the emergence of an entirely new asset class. This asset class is going to eventually become the largest in the world. We are about to experience the biggest transfer of wealth from the analog to the digital world.

I think a lot of people who are close to this industry look at all these cryptocurrencies, and they ask, quite rightly, “What are all these things? What do they do? Why are there a thousand of them? Why do you need a thousand currencies? Surely, one currency to rule them all would make a lot more sense. If we end up with thousands of currencies, will it not just end up the way it is today where we have fiat currencies for different national governments and tons of friction?” It is a fair point. If you look beyond this, you actually see that most of these things are not currencies in the traditional sense. They are not designed to be a medium of exchange in stored value in a unit of account, which is what a currency is. They actually make up this rich tapestry of new assets. I am going to walk through them all today.

Number one, cryptocurrency is bitcoin, the mother of them all. As a network, it stores almost $100 billion in value. It is used by tens of millions of people every day to move and store money, and it is the cryptocurrency that launched a thousand ships. It is the first one. Although it was the most important, it is increasingly becoming less so. It spawned a few other examples of cryptocurrencies, things like Monero, ZCash and others. We will not get into too much detail, but to say that these are cryptocurrencies that try to do what bitcoin does but add different, new features: Faster transaction times, more privacy—or it may even be full anonymity. There are lots of important use cases for bitcoin. I think it is very likely that in ten years' time, we will be looking back, and bitcoin and other cryptocurrencies will rank in the top ten mediums of exchange that we use globally. As a result, they are creating all sorts of problems for banks and other incumbents.

Depending on who you are, you might view this as a risk, or you might view it as an opportunity. JP Morgan or Bank of America have put bitcoin and other cryptocurrencies into their risk assessment for the first time ever this year—though, it is also worth pointing out that the Bank of America currently has 15 patents outstanding in the blockchain space and that JP Morgan spends more money than any other company in the world on this technology.

Goldman Sachs sees a whole new asset class, one with massive global liquidity and also tons of volatility, and anybody who works in capital markets knows it creates opportunities to make money. They have obviously made big investments into exchanges and other platforms that trade in these assets. The second category are platform technologies. These are not currencies in the traditional sense. These are general purpose platforms that are designed to build and run different kinds of applications. The biggest one and the most well known is a thing called Ethereum. Before I go on, who has heard of this thing, Ethereum? Just raise your hand. Good, the Queen would be proud. Ethereum is a Canadian success story. It was started by a 19-year-old University of Waterloo drop-out named Vitalik Buterin and his merry gang of friends. They wanted to create a platform that could allow you to do more than just currencies. The analogy—a helpful analogy—is to think of it this way: Bitcoin is a single-purpose device. It is like a pocket calculator. You pull it out; you press power; you can do calculations, and you can do it pretty well. Ethereum is like the first PC. It is a computer, an operating system that allows you to run many different kinds of applications. Ethereum also has launched a whole group of other platform technologies: Aion, Cosmos—also started by Canadians—Polkadot, NEO, ICON and others.

The question now is "Ethereum going to be the iPhone, or is it the BlackBerry?" Is it the in-between stage before we get to perfecting these final blockchain technologies? Either way, the emergence of these new platforms has disrupted the whole asset class, and, I think, for the better.

When we wrote the book, when the book came out in May of 2016, bitcoin was 85% of the market. Most of this other stuff we were talking about was basically just a science experiment. Today, bitcoin, depending on the day, is only about one-third of the market, and these new protocols are emerging.

One of the big reasons for that is that they have become the foundation for a completely new form of fundraising called the ICO, which stands for Initial Coin Offering. In the first edition of Blockchain Revolution, we actually talked about this. We called it a 'global blockchain IPO', which I guess was not as snappy as ICO because it never caught on. We talked about a project called Augur, which had raised $4.5 billion in one of these sales, which at the time was really impressive to us. Of course, fast forward to today, and $4.5 million does not really get you in the door in the ICO space. In the past year, we have seen the value of money raised through these token issuances go from $165 million in 2016 to $6 billion in 2017 to somewhere between $5 billion and $10 billion through the first two quarters of this year. It is almost impossible to know. The way it works is that in order to issue one of these tokens, a lot of times they are on top of platforms like Ethereum. The more companies that get built on Ethereum, the more valuable Ethereum becomes. The more transactions that are happening in the applications on Ethereum, the more valuable Ethereum becomes. The same is true, by the way, of any of these other protocols, which are launching.

Most of the companies that are issuing tokens on these networks are doing this thing called a 'utility token'. A utility token is basically a native digital asset that allows you to access services or some kind of preferred access within an application. There is an interesting analogy: It is kind of like if a rollercoaster operator created a brand new, innovative rollercoaster and pre-sold rides on that rollercoaster, and then used the funds to build the rollercoaster, and then anybody who participated in that pre-sale got to ride the rollercoaster for free for the first few years. It is basically like your investors are also your users. It is kind of a different concept that we are accustomed to in the traditional financial services world.

There have been lots of different kinds of projects that have emerged over the past little while. I will not get into too many of them, but if you look at this second one to the right, the 'G', Golem, this is a distributed cloud company, essentially. Their argument is that there is more computing power in all of our smartphones than there are in all the big server farms that actually make up the cloud owned by Amazon, Google and others. How do we connect all of these devices into a distributed cloud storage and computational system? You would need an incentive. The incentive is their token. If you connect your device and somebody uses it to store fragments of their data, you would get paid. If you connect your device, and you use the system, then you would have to pay it. It creates an economy within the application. It has become basically the way in which projects have raised money over the past little while. ICOs have become such a hot topic that they made it into a Dilbert cartoon, which is how you know you have really made it in life.

There is one problem with all this, which is that most of the projects that did utility token offerings last year were not actually selling utility tokens. They were selling, I think, something else. I think that they were raising money for their startups, and they were giving people economic rights. Those people were buying it because of the expectation that they would make money on it—hopefully. It looks a lot more like a security than it does this new kind of token framework. That actually is fine, and I think that we will end up seeing a large portion of the token offerings that happen in the future, as security token offerings where basically what you are doing is you are buying equity, or you are buying some kind of economic value in a project.

Security tokens can apply to most types of financial assets, but they work specifically for assets where there is no underlying physical delivery of a commodity, basically. If you think about a stock, a stock is a fractional share of a common enterprise where, as the bearer, you are entitled to a set of cashflows if they pay dividends. That is what a share in a company is. There is no delivery of oil or gold or some other commodity. A stock is just a contract. It is a conceptual thing. All of the business logic—all of the clearing, settling, the payment of dividends, proxies, etc.—can be collapsed into a digital token, can be paid out as a smart contract. That means that the $110 trillion global equity market is poised to be transformed by this technology.

The next kind of token are these natural asset tokens. Again, these are like security tokens, but where there is a physical asset that requires delivery on the back end. For certain kinds of assets, this is a marginal improvement. It would reduce settlement times from days and weeks to seconds, but someone still needs to actually deploy and deliver that commodity to someone. We cannot actually put the delivery of pork bellies onto the blockchain, I do not think. What this really creates, to me, are opportunities to enter into new markets, to use tokenization to open up carbon markets or markets for water or air. These are important issues, because they could help us solve global problems.

The second to last one is crypto collectibles. This is going to be a very revealing question. Who here owns a CryptoKitty? Andre? No. Smart money does not own one. A CryptoKitty is an application that was launched in December of last year where you can basically go out and purchase or breed or mate a crypto collectible cat. This became very, very popular on the Ethereum network. It became so popular that it actually shut the Ethereum network down for a period of time. People were really into these things, like, in an almost unhealthy way. The proof is that the price that someone paid recently for a CryptoKitty, the most expensive CryptoKitty, to date, that has been sold, sold for $140,000 USD. To be fair, it was a really nice CryptoKitty.

Why would someone pay that much money for a digital cat, other than because he or she has an unhealthy love of cats and too much money to spend? The reason, basically, is that you can prove with 100% accuracy effectively that when you own one of these things, that it is the only one of its kind. Whereas, if you own this CryptoKitty, nobody else can own it in the same way that if I send a bitcoin to someone, I cannot send the same one to someone else. If you think about bitcoins, it is going to be 21 million bitcoin. If you think about the capital of a company, it is going to be X number of shares, however many millions of shares. With a crypto collectible, there is only one of a kind. It turns out there are tons of asset classes that are one of a kind—artwork, for example, in-game purchases, purchases of real estate in virtual worlds, which is going to become huge as virtual reality and augmented reality converge with blockchain. Also, we can use this crypto collectible technology for assets in the real world: Real art, cars, sports memorabilia—all these assets where there is only one of a kind. There is only one CryptoKitty, but there is also one of a certain Van Gogh or Rothko or Matisse or what have you. All of a sudden, we have a technology standard to help us authenticate and prove unique assets, which I think is going to be massively disruptive.

The final category are these things called crypto-fiat currencies and stablecoins. Stablecoin basically tries to maintain the same price over time, benchmarked to some other thing like the dollar. There is this thing, US Dollar Tether, which is supposed to always be worth $1. I am very skeptical of stablecoins because, basically, they change the issuer question from the Central Bank to some company who is now re-issuing this token. I am much more interested in the crypto-fiat, which are cryptocurrencies issues by central banks and governments.

The Federal Reserve, the Bank of England and all these fancy institutions have spilled a lot of ink talking about cryptocurrencies, but they were not the first ones to do anything about it. The first ones to do anything about it were actually the Venezuelans. If anybody owns any bolivars in their portfolio, I am very sorry because they are not really known to be paragons of fiscal responsibility. They kind of went ahead and did this. The Venezuelan government, apparently, issued this thing called the Petro in an ICO a few months ago, and it is claimed to be, effectively, a coin that is backed by oil, that is in the ground; it is decentralized. It is cryptocurrency. There is no evidence really to support many of their claims, but it does demonstrate two things. Number one, the central bank can actually do this. Number two, if you look at the central banks and governments that are thinking about this seriously—Venezuela, Russia, Iran—you see that these things have a few features in common. They have lots of oil. They are under economic sanction, and they are not loved by the United States. A lot of them are looking for a separate payment rail to enable transactions in the thing that they have the most of, which happens to be oil. If they can do that, then they can potentially circumvent the U.S. dollar system, which has been the dominant monetary system for 75 years. It is sort of an interesting concept, which means that the Bank of Canada and the Federal Reserve and others need to get serious.

This is seven crypto-asset types, which is one of six new features, which is part of the new edition of Blockchain Revolution. Looking back at everything that was in the first edition, everything holds up great, so I hope that you are all able to enjoy this new edition of the book.

I want to end on one thing, which is the question of regulation. Blockchain attacks or affects value industries. The

Internet attacked or affected information industries, so information industries like media, publishing, communication, et cetera. They are regulated industries, but they are more lightly regulated than value industries, like financial services, supply chains, government services, et cetera, which means that regulators are going to play a much more active role, and they are going to be an important stakeholder in helping you shape how this moves forward.

The SEC, just a few days ago, made an important announcement where they basically said that bitcoin and ether are not securities, because they are decentralized, but that a lot of these other tokens could be. That is going to be the central challenge here, and it is going to help shake out what this industry looks like.

I do not pretend to know where this regulatory landscape is going. I look at the work that is happening in Canada and the U.S., and I am actually pretty optimistic that the people who are making decisions are really working hard to figure out all the facts. There is one warning, which is that you want to be careful not to create rules that have unintended consequences. During Victorian England, with the introduction of the automobile, the City of London created these laws called the Red Flag Laws. The Red Flag Laws said that you needed to have three people to operate a motor vehicle, what they called a horseless carriage, at the time. You needed a driver; you needed a navigator; and you needed a red flag man. The purpose of the red flag man was to walk in front of the car waving a red flag, which, if you think about the car, kind of defeats the purpose of it. You are supposed to be able to go fast and be able to go anywhere. It is hard to do it if there is a chubby mustachioed man waving a red flag in front of you. Why did they do that? The thing that was occupying the roads at the time were horses. They were concerned that the horses were going to be scared off by this contraption which, at the time, was actually burning coal. It was a steam engine, so it was really loud and obnoxious. The regulations were being used to fit to the way the world used to work, not to the way the world was going. As a result, some economic historians say that the UK lost leadership in the automobile industry to the United States because of the unintended consequences of these rules. We need to think very carefully before we proceed.

I am going to end on a brief note. This is a parable that was popularized by Ray Kurzweil, who is a very important technologist and futurist. It is about the invention of chess. It goes something like this. The king of the land is so pleased with this invention that he offers the inventor anything he wants, whatever his heart desires, as a reward. The inventor says, “Oh, sire, I am but a humble servant and humble man. All I need is some rice to feed my family, but I want you to give it to me in this way: one grain on the first piece of the chess board, two grains on the second, four on the third, eight on the fourth, 16 and so on.” The king, who I gather is not like a math guy, says, “Yeah, sure, whatever, how much rice could that be? A barrel of rice, a bag, your wish is granted.” Of course, 16 becomes 32, becomes 64, becomes 128 and so on, and so on, and so on. By halfway through the chessboard, it is more rice than the whole kingdom produces in a whole year. By the end of the chess board, it is enough rice to bury yourself in six feet of rice. Small side part of that story, the king was really irritated and chopped the guy's head off, which does not fit my analogy so well. That is kind of where we are at.

I think that the world has changed profoundly because of digital technology. We are at this sort of middle of the chessboard, but there is a lot more to go. This is the period where exponential growth really starts to become difficult to control and becomes faster than we can anticipate. We are just very grateful for the opportunity to be here to speak to all of you, to the Empire Club for hosting us, and for all of you for sharing an interest in blockchain technology. With that, I am going to end my remarks—I know I have gone over time, one of the many lessons I have learned from my dad, and hand it over to Don to do the second half. Thank you very much.

Don Tapscott

I am delighted to be here, and I really mean that. One of the reasons is that I get to share a stage with Alex. Every time he speaks, there is this profound, witty stuff comes out of his mouth. It is a great accomplishment, as a parent, to have a situation where your son is really a tough act to follow. Last time that happened to me, I think it was Bill Clinton. It has been a joyous experience collaborating with Alex, I think in part because we share DNA, but we have also shared a pretty common experience in our family, together. We did a TV show when the book first came out. Someone asked Alex, live on TV, how long he has been collaborating with his father, and he said about 30 years.

We are very excited about the new edition of the book, and we hope that you enjoy it. Alex talked about the middleman. These are central to establishing trust in our society, but, increasingly, they need help. I do not know if you can remember where you were on September 16th, 2008, two days after Lehman Brothers fell, but I was on the stage doing the closing keynote for Sibos, the biggest congress of bankers in the world—10,000 bankers. They were sort of like deer in the headlights, an analogy that works in Canada, and I have learned not elsewhere. Although, if you look carefully at this picture, you can see on the right a couple of thousand empty seats. These are all people who had lost their jobs in the last three days. These intermediaries do need help. They are centralized, which means they can be hacked. They exclude a couple billion people from the global economy.

They slow things down. It should not take seven days for money from a Filipino housekeeper in Toronto to go to her mom in Manila. She should not be charged 20% for that.

Overall, we need to rethink the banking system, but we need to rethink everything. Alex has referred to this as the second era of the Internet. I think that is an analogy that we used, which is quite helpful. For decades, we have had an Internet of information, and now we have an Internet of value, where anything of value from money to stocks to music to intellectual property, votes—things of value that belong to somebody—can be managed or transacted in a secure and a private way and where trust is not achieved by a middleman, but by cryptography and collaboration and some clever code, which is why we call it the trust protocol. Trust is native to the medium.

Banks are not going to go away; they are embracing their technology to reinvent themselves, but one of the benefits for traditional institutions is that this has a much more secure computing environment. I came up with this great analogy to describe why it is really almost impossible to hack a blockchain. You would have to hack bitcoin; you would have to hack that ten-minute block, plus the previous block, because they are connected with a digital wax seal, not just on one computer using the highest level of cryptography, but across millions and millions of computers all around the world simultaneously while the most powerful computing resource in the world is watching you to make sure that you do not mess around. I will not say it is unhackable, but it is infinitely more secure than the computer systems running in the big banks on Bay St., for example.

I had this great analogy, and then John Oliver on late-night TV did a whole half hour show on blockchain and well, you will see what happened.

[VIDEO.]

My body is whole, but what of my soul? Anyway, I still think it is a good analogy. Let me just talk about four of the new things that you are going to read in the new edition of the book.

First of all, as Alex has pointed out, this is not fundamentally about currencies; it is about a new operating system for our economy that will profoundly change every institution in the economy, including the enterprise. In the book, we hypothesized you could have a highly complex organization like a company that was highly automated, that had no CEO, no management, no people; it would essentially be a number of smart contracts, as Alex explained, and autonomous agents. What is going to happen to AI? AI is not going to run on some supercomputer; it is going to be a whole bunch of little, software agents that move around and learn and learn how to do things that they were not programmed to do. You have these all running on a blockchain. Could you have the upper right quadrant there—we called it a decentralized autonomous enterprise? We almost did not publish it because we thought this is just too futuristic; it is a fine line between vision and hallucination that over the years, I have tried to manage, always effectively, but we went ahead and we published it.

A week after the book came out, an entity was launched called the Decentralized Autonomous Organization. It was a venture capital company with no CEO, no management and no people. It was a bunch of smart contracts and autonomous agents on the Ethereum blockchain. Its first job was to go and raise some money. In three weeks, this thing with no people raised $164 million USD and set about its work.

Those of you who know the story, it is not a happy ending, because there was a coding error in one of the smart contract facilities, and the creators of this thing decided to give the money back to the investors. Just the fact that this could exist—you know Bob Dylan: There is something going on here, and you do not know what it is. We are in the early years of some profound changes to the deep structure and architecture of the corporation. Companies are going to look more like networks. That does not mean they will be smaller. They could be big, but this is a change in how we orchestrate capability in society to innovate to create goods and services to engage with the rest of the world.

We have these new blockchains such that if bitcoin was like email for the internet of value, these new platforms, as Alex described, look more like the web or could look like a smartphone. Hyperledger, brought to you by the Linux Foundation, led by IBM, Ethereum has gone enterprise now, creating an alliance with big companies that are adopting Ethereum. We have r3, 180 banks that got together to try and create a new transactional platform for the banking system and a killer app that is turning out to be the $50 trillium supply chain industry in the world, the business of moving things around. Imagine, you have a whole bunch of suppliers and all these things come together. I remember the CEO of Boeing saying a 787 Dreamliner is sort of a whole bunch of parts flying together in close formation. You want to get that right, and you want to know the provenance of all of the parts. Right now, things move through faxes and trains and boats and planes and trucks and emails and little bits of paper inside railway cars. Imagine if you could have what we call a shared network state, a global ledger where everyone sees in real time what is happening, and so it would be reducing errors, reducing friction, speeding up the metabolism of supply chains—there would be fewer lawyers, sorry about that lawyers. My sister, I see her, is in the audience, a fine lawyer. Overall the shared network state would revolutionize a $50 trillion industry of how things come together in the world.

This is not a theory. This is a picture from three weeks ago at a conference called Consensus, with 8,000 people in New York. I gave the opening talk and then I interviewed Fred Smith, the legendary CEO of FedEx and Rob Carter, the legendary CIO. They got the audience to applaud during the interview three times as people were just staggered by what a profound view the leadership of FedEx has about how blockchain can move their chain of custody, which they were famous for, knowing where a parcel is, to a whole next new level.

Then, we have these extraordinary new companies like Sweetbridge wanting to transform the supply chain industry. Here is one. Sweetbridge enables you to issue a currency backed by your own supply chain. That currency is pegged to a fiat-currency, like the US dollar, the Canadian dollar, the pound, whatever. Then, because you have this currency, you can borrow money from yourself to fund the advancement of your supply chain. If that does not hurt your head, then your head is different from mine. That is one of a dozen things that this company is doing.

One Belt, One Road is linking Hong Kong and Rotterdam, the new Silk Road, which is a trillion dollar project led by China. There are 22 countries involved, hundreds of companies, all of the trade finance. You have a buyer and a seller, and in the middle are all these various players, and agents, and tax authorities and so on, all passing things along. Now, they can see a common single version of the truth. That is a big one. It is not about cryptocurrencies only; it is about a change to the way business operates, probably the biggest one, certainly in my lifetime and maybe ever.

Number two, there is a big issue here that has to do with identity. This is not just about identification; it is about something much, much bigger. Here is the way it works. I am looking over here at my niece, Emma. Emma, as a virtual Emma knows more about Emma than she does in all kinds of areas, because the virtual Emma does not know what she bought a year ago or what she said a year ago or exact location a year ago or what medication she had or what diagnosis she had or what she got on that test or what her heart rate was. All this data is collected into the virtual Emma that constitutes her identity. This is the new asset class of the digital age. It is the new oil. Emma creates it, but she does not get to keep it. She cannot use it to plan her life; she cannot monetize it; and other companies are getting wealthy because of this, and her privacy is undermined. To people who say to me, “Don, privacy is dead, get over it,” I think that is a dumb point of view. Privacy is the foundation of freedom. We need to get our identities back, so that we can manage them responsibly.

In the first edition of Blockchain Revolution, we moved this topic right up into chapter one, and, in the new edition, we have written about it a lot more because it is going to a next level. You know about the genome. Well, there is this thing we call the menome such that your identity includes all this DNA evidence now and this deep, deep real-time medical evidence as well. This is a really big problem and it is a really big opportunity, because it means that you can have your own identity that you control in a black box. It is on a blockchain. This thing will sweep up all this transactional information in a way that you can use it. You can decide to animize it and sell it if you want and you can protect your privacy. I cannot think of a more important issue in this digital age as we go forward, in terms of getting our identities back and this technology provides an ability to do that. We are working very hard on a number of projects on the Blockchain Research Institute to ensure that this occurs.

This is an existential issue for Facebook, for sure, because they are of the old feudal model that we all work the land and we get to keep some cabbages. Remember feudalism, the system prior to capitalism, according to which the landlord kept everything that you made. Emma wants more than a few cabbages. She wants to have all of those vegetables. This analogy is going nowhere. Emma, eat more vegetables.

What is going to happen is there will be a new generation of data brokers that will negotiate with her. She is probably going to say, “If I am found unconscious in an accident, my entire medical record can be released to any certified medical person.” She also may say, “I am going to anonymize certain parts of my medical record and let people use it for research or maybe I am going to sell it to certain people,” or whatever.

I speak passionately about this, because not every book I have written has been a bestseller. I have had a few studies in bad timing. This was a 1995 book that I wrote with Ann Cavoukian. Back then everybody said, “Privacy? Huh, I do not get it, Don.” My mother, thankfully, came through with a big volume purchase on this book, but nothing so powerful as an idea whose time has come again. At the Blockchain Research Institute, we are spending a lot of time, thanks to Gowling and some of our other partners, KPMG, who is here. We held a big roundtable a couple of months ago, where we brought many of the world’s leading thinkers together.

Number three: If this is the second era of the Internet, where is Silicon Valley going to be? That is kind of a pertinent question, because look at Silicon Valley, what an economic engine that is. People there make more money in the whole Bay Area than anywhere else in the world, practically. Maybe New York is higher because they have the banking industry. There are jobs; there is wealth; there is lots of money for government and infrastructure and all the rest. What are the criteria? It turns out that Canada is pretty good. We have got some good government support. In our Blockchain

Research Institute, we have the Bank of Canada, the federal government, the Ontario government, the City of Toronto. If you talk to John Tory, he will tell you about blockchain as will our prime minister. We have a pretty good market here, in Canada. It is not the same as say Shanghai. The regulators in Canada are pretty good. They certainly are not doing really dumb things like are being done in some other places in the world.

This is a great ecosystem. I remember Alex was asked to speak at this meetup, and the first one had 100 people show up, and the second one had 300. The next one had 600. He showed up, and there were 1,100 people, and 400 were trying to get in the door and seeing it in all kinds of other off-campus TVs and so on. We have five big banks, not 100, and they can actually get together and rebuild the whole banking system if they willed it.

We have leadership now, the Global Centre for Thought Leadership is in Toronto, through our Institute. Funding for investment was never really great in Canada—lousy angel, not so good venture capital. And the real problem was when you would get to be a $30 million company, you want to do a Series A or Series B round, and Sequoia would say you have got to move to Silicon Valley. We not only had a brain drain; we had a company drain. Thanks to Donald Trump, the brain drain is being reversed, but also the company drain is being reversed, too, because of ICOs that you do not need to go to Sequoia now to get funding.

We have got a great labour force, lots of young people, great universities, great computer science, and big companies are starting to pay attention to this. Where is Luke? Tomorrow, we are announcing—you get to see it here first—a big analysis that we are doing. It is going to be real time, and it is going to be on the Internet, on the internet of information—top 15 centres in the world according to our weighted analysis. We are going to hold a world's cup of blockchain where those top 16 will be in four quadrants, and we are going to go on to Twitter and let the world decide who wins the first round, who wins the second round and, ultimately, who will win the world's cup. Do come to blockchainresearchinstitute.org. Is that where it is going to be? Yes, blockchainresearchinstitute.org and vote for your favourite. It is amazing that Canada is even on that list, a Canadian centre is even on that list.

Finally, I wanted to just close by saying thanks for your support. We are doing a lot of great stuff at the BR. We have, actually, 80 projects underway right now. They are funded by many of the world's largest companies and a growing group of governments.

We are looking at the strategic implications of all this technology. I would like to just pause for 15 minutes while you read through this, then we will have a question period. Breakthrough Ideas No. 8 is particularly fascinating.

No. These are the projects that we are doing. Each of the projects, after it has been available to our members for six months. We are going to open under creative comments, and the world is going to be able to see it. That is going to be really exciting.

Alex mentioned regulations, so I just pulled off a few of the reports that we are doing on that topic. We have the world's leading scholars on regulation, the world's leading policy thinkers, and we had a regulation roundtable where we brought many of these regulators together. It is a tough time to be a regulator because you have the irresistible force of this new technology meeting up with the immovable object of the need to protect consumers and investors. We think tinkering is not really going to work. We are going to need some important new thinking on this topic. These are four of the new topics. This is a pitch on why you ought to read the new material in the book. We hope that you will find it helpful.

This is a time of big change. It is a new paradigm. New paradigms are often received with coolness, or worse, mockery, hostility, vested interest, fight against change. Leaders of old paradigms often have great difficulty embracing the new. How will your company find leadership? How will Canada find leadership? Can we do this?

Our view is that the future is not something to be predicted; the future is something to be achieved. You all self-selected to come to this event. Thank you very much for that. That means that you, collectively, are part of the nascent leadership that perhaps can build an innovation economy in this country and contribute to solving some of the most intractable problems in the world.

Technology does not solve these problems; people do. The first era of the Internet resulted in some things that are not so great: undermining of our privacy, bifurcation of wealth; fragmentation of social discourse where anyone can end up in their own self-reinforcing echo chamber and believe whatever they want. There are many, many problems. Blockchain is not going to solve them, but, once again, this technology genie has escaped from the bottle. It was summoned by this anonymous person or persons at this uncertain time in human history, but it is giving us another kick at the can, another opportunity to rewrite the economic power grid, the old order of things and maybe build a world that is more just, more open, more fair and more sustainable, but only if we will it. Thank you very much.

Note of Appreciation, by Richard Carleton, Chief Executive Officer, Canadian National Stock Exchange

Thank you very much, Barbara. Everybody, on behalf of the Empire Club of Canada, it is my privilege and honour to thank Alex and Don for their remarks this afternoon and to congratulate Don for perhaps dropping the first F-bomb in the history of the Empire Club of Canada—did not see that coming, I have got to tell you, and to report from the frontlines that, in fact, Canadian business is going to take a leadership role in the adoption of blockchain technologies.

We are going to provide a safe, well-regulated home for these new digital securities that are being created. We are going to provide investors with new kinds of investment products. We are going to reduce costs for issuers, and we are going to dramatically lower costs for investment dealers participating in the marketplace.

This really is going to be a revolution, and it is going to change things in our small part of the world. I think all of you here today are going to see the impact a lot sooner rather than later.

Finally, I would like to congratulate Barbara on a successful year as President of the Empire Club of Canada. It has been a privilege and honour to work with you as well. Thank you very much, everybody.

Concluding Remarks, by Barbara Jesson

For over 100 years at the Empire Club, we have prided ourselves on bringing important topics to public discourse, but we could not do it without our sponsors. We are extremely grateful for the sponsors for today's event, IBK Capital, the Canadian Securities Exchange and our book sponsor, Cobalt Blockchain Inc., and gold sponsor, KPMG LLP, for making this event possible. We are just extremely grateful that you have allowed us to bring this important discussion to our podium.

I would also like to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world, and also to the National Post, our print media sponsor.

Although the club has been around since 1903, we have moved into the 21st century, and we are active on social media. You can follow us at @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, Instagram and on LinkedIn.

This concludes our 2017/2018 season, but we are already hard at work on next season, and I am pleased to let you know that our first event will be Victor Dodig, CEO of CIBC on September 11th.

Thank you so much for your attendance, today. Richard and everyone, thank you for your support this past year. It has been a marvelous ride.

This meeting is now adjourned